Weekend FT

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India's child slaves

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Why Israel's expulsions pose a threat to Middle East peace

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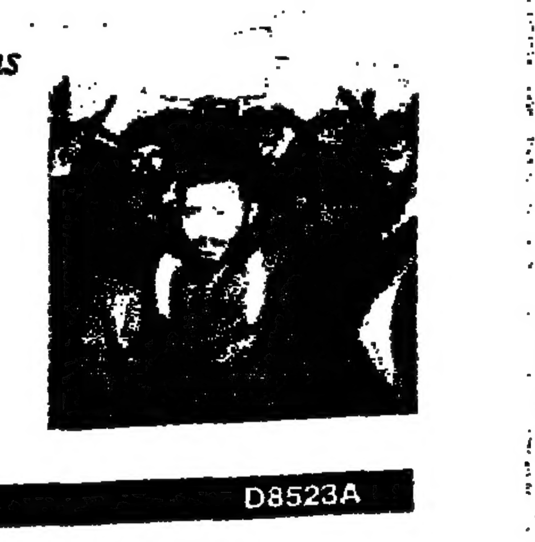

FT NEWSPAPER of THE YEAR

FINANCIAL TIMES

Europe's Business Newspaper WEEKEND DECEMBER 19/DECEMBER 20 1992 D8523A

Power watchdog says generators inflated prices

Electricity regulator Professor Stephen Littlechild (left) accused generators National Power and PowerGen of pushing up electricity prices. He stopped short of accusing them of collusion, but said both had used their market strength, even at the cost of losing market share. Page 22; Coal costs 'revised up', Page 5

UK urges caution over Bosnia: Britain urged the US to accept a gradual rise in pressure on Serbia rather than immediate enforcement of the no-fly zone over Bosnia. Page 22

China hits Hong Kong company: China launched a fierce attack on Hong Kong trading company Jardine Matheson – a move intended to hit the company's share price. As a result, the Hang Seng index ended 2.57 per cent down at 5,129.66. Page 3; World stocks, Page 19; Lex, Page 22

Blue Arrow report: National Westminster Bank and its deputy chairman, Tom Frost, are believed to have been cleared by Department of Trade and Industry inspectors of serious offences involving a DTI inquiry into the Blue Arrow affair. Page 5

Overseas earnings cut deficit: Britain's current account deficit for the first nine months was £8.13bn, against an estimate of £8.68bn, because of a surge in companies' overseas operations. Page 5

Respite for Gateway owner: Isosceles' lenders and shareholders are expected to approve a standstill between the company, which owns the Gateway food retail group, and its banks to allow it to restructure its £1.3bn debts. Page 8; Asda recovers, Page 8

Germany considers economies: The German government is considering cutting social spending and tax allowances to finance the costs of unification. Page 2

Move to the suburbs: The population census taken last year shows a shift in the population from urban to outer suburban and rural areas. Page 22; Details, Page 5

Loans curbed: Unsecured lending above £2,500 to American Express bank's 40,000 green card UK customers has been suspended because of rising bad debts. Page 4

HDTV compromise sought: Prime minister John Major is under intense pressure to find a compromise which will allow the European Community to fund development of high definition television technology. Page 2

Baker faces questions on passport files

Former US secretary of state James Baker (left), who became White House chief of staff, is to be questioned by a special prosecutor investigating whether White House aides acted illegally in the examination of the passport files of President-elect Bill Clinton. Page 3

Japan makes Gatt offer: Japan said it was prepared to open its market further in an attempt to speed settlement of the Uruguay Round negotiations aimed at global trade reform. Page 2

BHP 23% ahead: Broken Hill Proprietary, Australia's biggest company, reported a 23 per cent rise in half-year net operating profit to A$502m (£227m) because of higher demand for its mineral products.

South Korea poll: Kim Young-sam of the ruling Democratic Liberal party was heading for victory over Kim Dae-jung of the Democratic party in South Korea's presidential election. Page 3

Rain lashes Britain: Flood warnings were issued for rivers in Wales, and motorists in southern England were told to take care as heavy rain swept across the UK. Sleet and snow are expected on high ground today. Weather, Page 22

STOCK MARKET INDICES

FT-SE 100:	2,789.7	(+49.4)
Yield	4.38	
FT-SE Eurotrack 100	1,850.25	(+15.84)
FT-A All-Share	1,333.41	(+1.8%)
Nikkei	17,680.74	(+242.83)
New York lunchtime:		
Dow Jones Ind Ave	3,285.98	(+16.75)
S&P Composite	438.20	(+2.77)

US LUNCHTIME RATES

Federal Funds:	2¾%
3-mo Treas Bills: Yld	3.219%
Long Bond	102⅛
Yield	7.441%

LONDON MONEY

3-mo Interbank	7¼%	(7 5/16%)
Liffe long gilt future:	Dec 100 11/32	(Dec 100 [illegible])

NORTH SEA OIL (Argus)

Brent 15-day (Feb)	$18.55	(18.425)

Gold

New York Comex (Feb)	$337.7	(339.2)
London	$337.15	(338.35)

STERLING

New York lunchtime:		
$	1.56375	(1.5795)
London:		
$	1.5655	(1.5735)
DM	2.45	(2.4575)
FFr	8.3675	(8.4025)
SFr	2.2075	(2.205)
Y	193.00	(193.75)
£ Index	80.4	(80.7)

DOLLAR

New York lunchtime:		
DM	1.567	(1.55755)
FFr	5.349	(5.325)
SFr	1.411	(1.3975)
Y	123.285	(122.835)
London:		
DM	1.5665	(1.5625)
FFr	5.345	(5.34)
SFr	1.41	(1.4015)
Y	123.3	(123.15)
$ Index	64.9	(64.6)

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No-man's land: More than 400 alleged Islamic fundamentalist extremists were yesterday left trapped between Israeli and Lebanese troops

Palestinians left stranded as UN debates resolution

Israel resists pressure to take back deportees

By Hugh Carnegy in Jerusalem and Michael Littlejohns in New York

ISRAEL came under strong international pressure yesterday to take back more than 400 Palestinians whose expulsion threatens to derail the Middle East peace process.

A strongly worded resolution condemning the Israeli government's action and firmly opposing deportations was being considered by the United Nations Security Council last night.

The deportees, all alleged Islamic fundamentalist extremists from the occupied West Bank and Gaza Strip, were stranded yesterday in no-man's land in south Lebanon after being left by Israeli forces just outside the Israeli-controlled "security zone".

A few miles further north, Lebanese troops prevented them from travelling deeper into the country on orders from the government in Beirut which said it would refuse to co-operate with the Israeli move. The deportees trudged back to Israeli lines but were turned away. Witnesses said shots were fired over their heads to keep them from returning to Israeli-held territory.

The Palestinians then remained in no-man's land in the rain, awaiting assistance from the International Committee of the Red Cross which said it would provide them with shelter.

Israeli security forces in the occupied territories were on high alert against an anticipated wave of protests against deportation, one of the punitive measures most hated by Palestinians.

Leaflets from Islamic and Palestine Liberation Organisation underground groups called for "10 days of fire and exploding rage". The West Bank and Gaza Strip remained sealed off from Israel, with many areas under curfews that have been in place for days.

Security Council members hoped that the US would support the draft resolution being drawn up, which would declare the deportation of civilians to be a breach of the 1949 Geneva Convention. It would demand the immediate safe return of all deportees from the occupied territories under the supervision of a special UN delegation.

The US and Britain, the latter speaking on behalf of the European Community, issued similar calls.

However, Israel showed no sign of reversing the unprecedented mass expulsion, ordered in retaliation for a recent spate of violent attacks by Hamas, the Islamic resistance movement, which left six Israeli soldiers dead.

The government said it did not expect the move to jeopardise the Middle East talks which broke up in Washington on Thursday without setting a date for resumption. The PLO said it would not return to the talks unless the deportations were reversed.

PLO officials in Tunis said representatives of the organisation, Syria, Lebanon, Jordan and Egypt would meet soon in Cairo to discuss the issue. PLO supporters said the Israeli action had strengthened support for Hamas, which is opposed to the peace process, and undermined their more moderate position. No charges of any sort were brought against the deportees, who will be allowed to return home within two years.

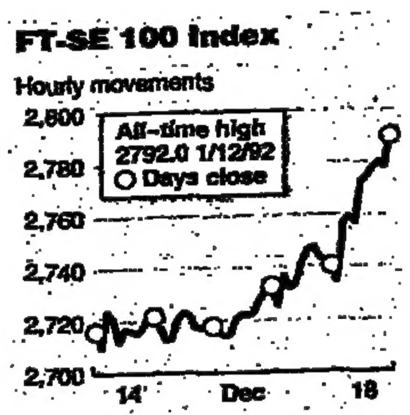
Mr Taher Shriteh, a prominent journalist in Gaza who was among 1,200 people rounded up by the security forces this week, was released yesterday following protests from international human rights organisations and foreign correspondents in Israel. Mr Shriteh, who works occasionally for the Financial Times, was among those loaded on to buses for deportation on Wednesday, but was later taken back to Gaza and released.

George Graham adds from Washington: Mr Edward Djerejian, assistant secretary at the State Department in charge of the Middle East, said that the Palestinian delegation to the Middle East peace talks had reaffirmed its "serious commitment to the peace process". He added: "We believe 1993 can be a year of real achievement."

Lull in battle for peace, Page 6

London shares surge despite fall in lending

By Peter Norman, Economics Editor



LENDING by Britain's banks and building societies to the private sector unexpectedly fell by £600m last month, reversing a £5.1bn increase in October and adding to uncertainty about whether the UK is recovering from recession.

But the drop, which was worse than the most pessimistic of City expectations, was shrugged off by the stock market and seemed not to worry Mr Norman Lamont, the chancellor.

The FT-SE 100 index closed yesterday at 2,789.7, up 49.4 on the day and 73.5 on the week, while the FT-SE Mid 250 index of medium-sized stocks added 54.8 on the day to 2,783.6.

Prices rose on strong institutional buying which appeared to anticipate a new year rally and economic recovery. Mr Lamont, told foreign newspaper correspondents in London that Britain was looking forward to a "more prosperous year" and "may be one of the more buoyant economies next year".

The drop in lending, disclosed in provisional, seasonally adjusted figures from the Bank of England, briefly triggered hopes of a cut in bank base rates from 7 per cent.

But shortly before the figures were released, Mr Lamont made clear that he would not hurry to ease monetary policy further. The 3 percentage point cut in bank base rates since September had been "substantial", he said, "so I think it would be wrong to rush into easing policy further without firm evidence that this was necessary".

The Bank also disclosed that growth of broad money in the UK economy was weaker than expected in November. It said that M4, which includes bank and building society deposits as well as notes and coin in circulation, fell by a seasonally adjusted 0.2 per cent last month and increased by 4.7 per cent in the 12 months to November. The M4 figure was at the lower end of the Treasury's 4 to 8 per cent monitoring range announced in November, and well below City expectations of 0.4 per cent growth on the month and a 5.4 per cent expansion compared with November last year.

The Treasury and the Bank were unable to give special reason for the poor figures. The Treasury suggested that the weak M4 growth could reflect lower inflation and a delay in the effect of recent interest rate cuts.

Figures from the British Bankers' Association and the Building Societies Association confirmed the depressed picture given by the Bank's lending figures. The BBA said the nine biggest UK clearing banks increased their lending to the private sector by a seasonally adjusted £572m last month after an increase of £3.05bn in October.

"November saw demand for bank finance fade away again," said Lord Inchyra, BBA director general. He reported a substantial reduction in consumer credit and repayment of borrowings by most industrial sectors.

The only relatively bright spot was in mortgage lending because of low interest, fixed rate offers, Lord Inchyra said. But this expansion may have been at the expense of the building societies which yesterday announced a decrease in net new commitments to £1.85bn in November from £2.17bn in October.

Taking the past three months together, bank and building society lending has grown by only £1.2bn a month. According to Mr Don Smith, an economist with Samuel Montagu, this is the lowest rate of increase since the figures were first collected in 1982.

Building societies' outflow at £184m, Page 5
Currencies, Page 11
London share prices, Page 13
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So you thought 1992 was bad... Weekend, Page II

Bid for fifth TV channel rejected

By Raymond Snoddy

THE prospect of a fifth UK national television channel looked remote last night after the Independent Television Commission rejected the only bid for the venture from Channel Five Holdings.

The bid – led by Thames Television and backed by some of the biggest media names in the world – was turned down because of ITC concerns over its business plan and dissatisfaction over "the level of investor commitment".

Mr Richard Dunn, chairman of Channel Five Holdings and chief executive of Thames Television, said last night: "I am shocked and dismayed." The Thames executive saw his lawyers yesterday. A decision on whether to seek a judicial review will be taken next week.

Among companies expressing interest in investing in the venture were Thames and its parent Thorn EMI; Time Warner, the world's largest media group; Capital Cities/ABC, the US network company; Cox, the large US media concern; Pearson, owner of the Financial Times, and Associated Newspapers, publisher of the Daily Mail.

The ITC said yesterday that evidence of board commitment covering "the great majority" of the £175m investment had not been received by the deadline. Thames ceases to be an ITV company at the end of this month after losing its franchise to Carlton Television.

Apart from 35 per cent commitment from Thames, Time Warner was firmly committed to a 10 per cent investment. Approval for a further 25 per cent investment was due to go before the main Time Warner board early next year.

The government's hopes for a fifth channel were embodied in the 1990 Broadcasting Act. The channel, which would have been able to reach 70 per cent of the UK population, was intended to give viewers and advertisers more choice and create extra competition for ITV and Channel 4.

Channel Five Holdings planned to launch a service in London late next year with a Manchester service to follow. The channel planned to specialise in local news, popular music and films.

Sir George Russell, chairman of the ITC, said yesterday Channel 5 was not dead. The possibility of

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Tesco buys retail chain in France

By Neil Buckley

TESCO, the food retailer, made the boldest foray yet by a UK retailer into continental Europe when it agreed to pay FFr1.47bn (£175.6m) for control of the 90-store Catteau supermarket chain in northern France.

The deal is a significant acquisition by a UK retailer, and will fuel speculation that the largest UK retailers will be forced to expand into other European countries as the UK market begins to approach saturation.

Of the FFr1.47bn Tesco is paying for the stores, 85 per cent will be payable next year. It is being entirely financed from Tesco's internal resources.

Mr David Reid, finance director, said the acquisition would allow Tesco to gain experience of retailing in other parts of Europe. But he would not comment on Tesco's plans for European expansion. "For the moment we will have our heads down making sure that this works, but in the longer term opportunities will arise."

The Catteau, a family-owned chain, will continue under its

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Tesco goes shopping, Page 7

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Austria Sch30; Bahrain Din1.250; Bermuda $1.65; Belgium BFr60; Bulgaria Lv25.00; China Fec 12.0; Canada C$1.40, Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.50; Finland Fmk12; France FFr8.80; Germany DM3.30, Greece Dr250; Hong Kong HK$16, Hungary Ft162, Iceland IKR180; India Rup20; Indonesia Rp3,800; Israel NS5.50; Italy L2500; Japan Y500; Jordan JD1.50; Korea Won 2500, Kuwait Fils.600; Lebanon $US1.25; Luxembourg LFr60; Malaysia Rin4.50; Malta Lm0.50; Morocco Dh13.00; Nigeria Naira20.00; Netherlands Fl3.50; Norway Nkr15.00; Oman OR1.60; Pakistan Rs35; Philippines Pso 45; Poland Zl 22,000; Portugal Esc190; Qatar QR12.00; S.Arabia Rls11.00; Singapore S$4.10, Spain Pta200; Sri Lanka Rup30; Sweden SKr14.00; Switzerland SFr3.00; Syria SyP60.00; Taiwan NT$85; Thailand Bht50; Tunisia Din1.250; Turkey L6000; UAE Dh10.00; USA $1.25 (Alaska & Hawaii $1.75)

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NEWS: INTERNATIONAL

Japan in late offer to open market more

By David Dodwell, World Trade Editor, in Geneva

JAPAN yesterday said it was willing to open its market further - including the contentious financial services sector - in an 11th-hour bid "to accelerate the process" towards a settlement of the Uruguay Round negotiations aimed at global trade reform.

Mr Noboru Hatakeyama, vice-minister for international affairs in Japan's Ministry of International Trade and Industry, warned that, if present disputes were carried into 1993, there was a danger of a "chicken and egg" deterioration that could lead to the collapse of the round.

"I don't want to sound pessimistic - that would create a danger of a self-defeating prophecy," Mr Hatakeyama told the Financial Times as he prepared to join the Japanese delegation in the end-of-year stocktaking meeting of the top-level Trade Negotiations Committee in Geneva.

"But 20 precious days have been lost since Blair House [in Washington, where the US and EC settled a long-standing dispute over reform of farm trade], and we share the frustration of others that this time has been lost. To criticise others is not contributing to the solution, so we have to remain positive and constructive."

Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade, warned negotiators as he opened the TNC that they were "now, more than ever, engaged in a race against time". Nevertheless, he insisted that the talks were not stalemated and would continue until December 23. He called another meeting of the TNC for January 15, giving scope for a last-ditch breakthrough in the final week of the Bush administration in the US.

Mr Hatakeyama said the Japanese proposal for "acceleration" was to be put to other trade negotiators at the TNC. This follows recent criticism of Japan by the US and EC over the limited concessions offered so far by Tokyo.

The proposal would involve a suggestion that detailed discussions on market access and trade in services should be hived off from the urgent need for a political commitment to the Uruguay Round draft agreement, tabled exactly a year ago by Mr Dunkel.

This suggestion echoes fears of other trade negotiators over recent moves by the US to call for substantial parts of the draft agreement to be opened up, in particular the text on anti-dumping rules.

Mr Hatakeyama was emphatic that Japan was unwilling to see amendment of the proposed anti-dumping rules, and recalled that "if any country tries to amend the Dunkel draft, that country has to win consensus from opposing parties."

He said Japan was willing to make deeper cuts in its market access negotiations - an important stumbling block to progress for EC negotiators - noting at the same time that Japan's line-by-line concessions, tabled in March, cut tariff barriers by an average of almost 50 per cent. Europe's schedule of "illustrative" cuts, tabled just this week, average less than 25 per cent.

"We can be very positive on financial services," he said, providing a direct answer to US and EC officials who have called for a more open market for financial services, securities, and insurance.

US, EC agree on Gatt target date

By Philip Stephens in Washington

THE EUROPEAN Community and the US last night set a January 15 target for resolution of the main outstanding issues in the Uruguay Round of Gatt trade liberalisation talks.

Their joint announcement came after President George Bush hosted his last US-EC summit with Mr Jacques Delors, the European Commission president, and Mr John Major, Britain's prime minister.

It was seen as an attempt to give new impetus to the flagging Geneva trade talks which adjourn on Wednesday for Christmas.

Earlier, the European Community had indicated it had given up any significant hope of a completion of the Uruguay Round of world trade talks before the inauguration next month of US President-elect Bill Clinton.

Mr Delors had said the outgoing Bush administration had refused any compromises across the range of outstanding issues at the Geneva talks.

Mr Major, who was instrumental in the settlement of the US-EC farm trade row which had held up the Uruguay Round negotiations, had hoped for an outline Gatt settlement.

British officials said earlier that Mr Major pressed Mr Bush for substantive negotiations to restart at the beginning of January, but they acknowledged that a settlement would probably have to await the inauguration of President Clinton.

EC officials said that the US side had objected to the latest draft agreement on the establishment of the proposed Multilateral Trade Organisation, designed to ensure multilateral arbitration of trade disputes.

Mr Delors said that Washington was still insisting it retain the freedom to take unilateral action.

He said that it was impossible to solve the outstanding disputes, which also include differences over industrial tariffs and trade in services, in yesterday's wide-ranging talks on EC-US relations with Mr Bush.

"These things cannot be settled in two hours," he said.

The Community had rejected a suggestion from the US side that yesterday's summit should include detailed bargaining on outstanding bilateral issues because of its concern not to circumvent the multilateral procedures at Geneva.

Mr Delors, who criticised the US for not responding in Geneva to the concessions that the Community had made to resolve the farm trade dispute, also attacked the decision by Washington to impose countervailing duties on imports of European steel.

His officials said that the calculations on which the duties were based did not take into account the sharp reduction of EC steel subsidies over the past three years.

Compromise sought on HDTV row

By Philip Stephens in Washington and Lionel Barber in Brussels

MR John Major, the British prime minister, faced intense pressure last night to agree a new compromise to unblock European Community funding for development of high definition television technology.

Officials travelling with Mr Major and Mr Jacques Delors, European Commission president, to the US-EC talks in Washington said the two held private talks to try to resolve the row over HDTV which broke out on the Canadian leg of their North American visit.

The two men discussed a Dutch proposal, expected to be tabled at a meeting of the European Community's foreign affairs council on Monday. It is thought the compromise, a combination of ideas from Dutch prime minister Ruud Lubbers and Mr Delors, would assure significant backing for the HDTV programme being run by Phillips of the Netherlands and Thomson of France.

The Dutch are understood to have agreed to incorporate British objections that HDTV technology risks being overtaken by more advanced digital television technology. A possible compromise is that the UK would commit itself to the principle of a five-year spending plan; but it would restrict funding to one year, pending a thorough review of technologies.

At a heated meeting of EC telecom ministers on Tuesday, the UK offered Ecu80m (£63.8m) interim support. But the 11 other EC states, led by the Netherlands and France, supported a commitment now of Ecu500m over the next five years.

Despite talk of compromise neither Mr Major nor Mr Delors was willing yesterday to withdraw from positions taken earlier this week on whether Britain had reneged on an agreement reached at last weekend's Edinburgh summit.

Mr Delors and Mr Lubbers insist the record of the summit shows that Mr Major agreed to lift his veto on the long-term funding of HDTV. Mr Major is adamant he offered no such commitment.

West blows hot and cold on Bosnia

There is a feeling of guilt behind the latest manoeuvrings, writes Robert Mauthner

IT WAS a week that began with huffing and ended with puffing about the rapidly deteriorating situation in the former Yugoslavia.

After a hectic round of conferences that started with the European Community summit in Edinburgh last weekend and ended with the Nato Council in Brussels eight days later, it was still not clear precisely what measures the international community would take to end the bloody conflict in Bosnia-Hercegovina.

What was again underlined is that nobody is talking of military intervention in the broadest sense. Not a single western country, least of all the US, is prepared to send ground troops to Bosnia to fight at the side of the Bosnian Moslems.

The use of peacekeeping troops under the umbrella of the United Nations as a protection for aid convoys, and possibly in future as a shield for any safe havens that might be created for Moslems, is as far as anyone is prepared to go.

The two measures discussed over and over by ministers were proposed adoption by the UN Security Council of a resolution to "enforce" October's flight ban over Bosnia, probably involving only deployment of military aircraft, and the lifting of the embargo on arms deliveries to Bosnian Moslems.

The second suggestion, advocated by Turkey and the group of Islamic countries, was given short shrift, even though Mr Klaus Kinkel, German foreign minister, at one point proclaimed the time to lift the embargo had almost arrived.

If caution won the day, it was largely thanks to expert contributions by the two co-chairmen of the Yugoslavia peace conference, Mr Cyrus Vance and Lord Owen, and the military commanders of the UN Protection Force to the one-day conference on Bosnia in Geneva last Wednesday. The "Cy and David show", as it has come to be called, "brought some reality and good sense to the battle front," according to one western delegate.

Mr Vance's judgment that lifting the arms embargo would only encourage delivery of more sophisticated and more destructive weapons to all the warring parties and that it could lead to a widening of the conflict throughout the Balkan region, convinced most participants and no recommendation supporting such a move was made.

It was the proposed Security Council resolution enforcing the "no-fly" zone over Bosnia that caused all the arguments, though the issue had been stripped of most of its military relevance by factual reports presented by Gen Satish Nambiar, commander-in-chief of UN forces in the former Yugoslavia, and Maj-Gen Philippe Morillon, commander of UN forces in Bosnia.

While the UN had monitored more than 200 violations of the flight ban, these were mostly helicopter flights carrying personnel, and no combat missions of fixed-wing aircraft had been reported, they told the ministers.

Why, then, all the fuss about the need for enforcement of a ban, violations of which have been militarily insignificant? The answer is that enforcing the air exclusion zone by attacking airfields and shooting down Bosnian Serb aircraft has acquired a symbolic importance for an international community desperate to show it is prepared to "do something" while still unwilling to contemplate full military intervention.

That feeling of guilt about the world's failure to stop the aggression and the appalling atrocities committed in Bosnia also explains the great emphasis placed by Mr Lawrence Eagleburger, US secretary of state, on the need to bring those responsible for humanitarian crimes to trial by an international war crimes tribunal.

Some countries have detected a bitter irony in the fact that a nation like Britain, which has taken a leading role in so many wars over the past century, remains deeply reluctant to endorse, let alone to participate in even such a limited military air operation as the one now under consideration by the UN.

They have contrasted the extreme concern shown by the government for the safety of the 2,400 troops of the Cheshire Regiment in Bosnia with the comparative insouciance exhibited by former prime minister Mrs Margaret Thatcher in despatching troops to fight in sparsely-inhabited islands in the South Atlantic.

The conclusion that the British government's cautious attitude is not unconnected with its slim parliamentary majority and the fact that it has had enough troubles recently without adding a foreign war to the list, has been drawn by several diplomatic observers at last week's meetings. Yet it is equally clear that the validity of some of the cautionary arguments deployed by Mr Douglas Hurd, foreign secretary, has been acknowledged by many delegates, including Mr Eagleburger.

Long before Mr Radovan Karadzic, the Bosnian Serbian leader, sent his letter to prime minister John Major threatening retaliatory action against UN forces if military measures were used to enforce the air exclusion zone over Bosnia, Mr Hurd had repeatedly warned his colleagues that such a step could endanger the safety of UN troops and international aid workers.

His contention that the whole humanitarian aid operation could be undermined, received eloquent confirmation from Mr Eagleburger, who said that humanitarian aid might have to be suspended "hopefully for only a short period" if measures to enforce the "no-fly" zone were implemented, presumably to ensure the safety of aid workers.

What has emerged clearly during the talks of the past week is that there is no consensus even among France's western allies on the content of the enforcement resolution it intends to table in the Security Council next week, though Nato countries have undertaken to support any UN enforcement measures *if* the resolution is adopted.

Nor is it a good augury that both Russia and China are reported to be considering the possibility of vetoing such a resolution.

If that happened, it would end the exceptional post-cold war period of co-operation that has given the UN such a central role in international peacekeeping.

Bosnia's President Izetbegovic (left) with UN envoy David Owen and Phillippe Morillon, UN general (right), in Sarajevo yesterday

Financier gives $50m for Bosnia

Mr George Soros, the man who made a billion dollars out of sterling's retreat on Black Wednesday, yesterday turned over $50m (£32.8m) of the profits to aid organisations in war-torn Bosnia-Hercegovina, saying: "Yes, you could say I make my money in the west and spread it out in the east," writes Sheila Jones in London.

The 62-year-old financier's gift is the biggest single donation made to a humanitarian cause by a private individual.

"What is going on in Bosnia today is genocide," Mr Soros said. "I feel it particularly strongly because as a Hungarian Jew I was myself a potential victim of the holocaust."

Mr Soros, who shrugs off suggestions he was the man who broke the pound, added merely: "I am privileged in having more money than most. I am doing what I can and everybody else should do something."

Four aid organisations - Oxfam, Save the Children, Médecins Sans Frontières and the International Rescue Committee - will receive an initial $1m each. The rest will be divided up by the United Nations High Commissioner for Refugees, which will administer the fund.

Germany may cut social spending

By Quentin Peel in Bonn

SHARP CUTS in social spending and in tax allowances for the better-paid are under serious consideration by the German government and opposition as part of their negotiations on a "solidarity pact" to finance the costs of unification.

The aim is to minimise any future tax increases necessary to pay off the burden of accumulated debt in east Germany and to keep essential subsidies going to eastern enterprises and the unemployed.

Charges and counter-charges were flying in Bonn yesterday about the scale and scope of the cuts being planned, after publication of a purported list of social spending measures likely to be included.

On the list are cuts in unemployment benefit, student grants, children's allowances, social security for asylum-seekers, rent rebates, maternity benefits, and the like.

It also proposes an effective freeze on civil servants' salaries, to rise by no more than three per cent per annum, with a further one per cent deduction for "social justice."

Publication caused a furious reaction from opposition politicians, saying that the poorest will have to bear the brunt of the soaring costs of unification.

Mr Theo Waigel, the finance minister, denied that the purported savings plans came from his ministry, or from the Chancellor's office.

There was a strong suspicion in Bonn political circles yesterday that the one-sided list of spending cuts had been circulated by colleagues close to Mr Oskar Lafontaine, deputy leader of the SPD, who attended meetings with Chancellor Kohl on Thursday.

● The bundesrat, the upper house of the German parliament, yesterday unanimously approved the Maastricht treaty on European union, to complete the parliamentary ratification process in Germany. A deal with the government means that the 16 federal Länder (states) in the Bundesrat will have much greater involvement in the process of European Community legislation enshrined in the German constitution.

Russian budget deficit rises

By John Lloyd and Dmitry Volkov in Moscow

RUSSIA'S budget deficit at the end of the year was officially said yesterday to be Rbs1,160bn, or 6.5 per cent of gross national product, following last-minute adjustments and extra commitments to spending by the Russian Supreme Soviet.

Mr Vassily Barchuk, finance minister, warned parliament that, in approving last-minute extra spending of over Rbs200m, it was breaking the limit of 5 per cent of GDP agreed between the government and the International Monetary Fund and jeopardising further credits needed to pay foreign grain exporters, now owed $300m.

However, foreign finance experts in Moscow said yesterday that the real budget deficit - about which there are many estimates - was much higher and had long since been far above IMF guidelines, though the government had reined in spending this quarter.

Production is sure to continue falling and unemployment rising for two months because of the recent credit squeeze.

Yeltsin's Start treaty claim startles White House

By Yvonne Preston in Beijing, George Graham in Washington and Chrystia Freeland in Kiev

RUSSIAN President Boris Yeltsin caused confusion yesterday by announcing in Beijing that he and outgoing US President George Bush would sign a treaty on the reduction of strategic nuclear weapons in January at a summit in Alaska.

At the State Department and at the White House, officials said they were aware neither of a breakthrough on the issues that still divide Russia and the US in the Start II talks, nor of plans for a summit meeting in Alaska.

"We're getting closer. We're hopeful, but that's the best we can say," said Mr Marlin Fitzwater, the White House spokesman.

Mr Bush and Mr Yeltsin settled the outlines of the Start II agreement at a Washington summit in June, but the details of implementation have been more difficult.

Russia agreed to destroy its multiple warhead SS-18 missiles, but does not want the expense of destroying the silos that housed them. In addition, it wants to convert its SS-19 missiles to single warhead carriers, rather than destroying them outright.

The third issue dividing the sides is the US's freedom to convert B-1 nuclear-bombers to carry conventional weapons.

The increasingly acrimonious dispute between the US and Ukraine over the nuclear weapons stationed on Ukrainian territory is also proving an obstacle to ratification of Start.

Mr Anatoli Zlenko, the Ukrainian foreign minister, said yesterday that although Ukraine accepted the principles of the treaty and expected eventually to ratify, his government resented western efforts to strong-arm Ukraine into signing now.

On Thursday Mr Lawrence Eagleburger, US secretary of state, said the US was "not particularly happy" with the delay in Ukrainian ratification, and this would affect bilateral relations if it continued much longer."

Flynn has hard act to follow at EC

By Tim Coone in Dublin

IRISH justice minister Padraig Flynn, appointed this week to succeed Mr Ray MacSharry on the European Commission from January 5, will have a tough act to follow.

He has neither the tough ministerial reputation of Mr MacSharry, whose no-nonsense approach to cutting the Irish fiscal deficit in the late 1980s earned him the sobriquet of "Mac the Knife", nor the urbane financial skills of Mr Peter Sutherland, current chairman of Allied Irish Banks, who preceded Mr MacSharry on the Commission and held the EC competition portfolio.

A former schoolteacher and publican, Mr Flynn earned his political colours as a dedicated representative of his rural Mayo West constituency in the west of Ireland, and as a supporter of Prime Minister Charles Haughey during his rise to power in the late 1970s and the turbulence of the latter's leadership of the Fianna Fail party for more than a decade.

An arch conservative and devout Catholic, who has been prominent in opposing liberalisation of Ireland's divorce and abortion laws, Mr Flynn is popular in his constituency but has not built a reputation as a strong minister able to fight his corner in cabinet.

He entered cabinet as trade minister in the short-lived Fianna Fail government of 1982, when Mr Haughey was Taoiseach (prime minister). When Fianna Fail returned to power in 1987, he became minister at the high-spending Environment Department, responsible for funding the road network and overseeing the work and organisation of local authorities. A large part of EC structural funds to Ireland was administered through his department.

He has been criticised for his department's apparent piecemeal approach to road network improvement. His ministerial record is that of a bureaucrat rather than a pioneering advocate of change. Proposals to establish an environmental protection agency languished in his department for more than two years, while much of the new environmental legislation in Ireland during his period of office was EC-driven.

He held the environment portfolio until 1991, when he was sacked, along with Mr Albert Reynolds, then finance minister, by Mr Haughey for having led a backbench rebellion. After Mr Haughey's defeat last February, Mr Flynn returned to cabinet as justice minister under Mr Reynolds as the new leader.

Flynn: conservative Catholic

Nato agreement on joint peacekeeping

By Robert Mauthner in Brussels

THE NATO Co-operation Council, grouping 37 Nato members and former Soviet and east European associated states, agreed yesterday to joint preparations for peacekeeping activities, including joint planning and training sessions.

However, there was still a question mark over the extent to which France, which is not a member of Nato's integrated military command, is prepared to participate in such co-operative activities.

The final communiqué said the countries of the North Atlantic Co-operation Council were ready to support and contribute on a case-by-case basis to peacekeeping operations under United Nations authority or the responsibility of the Conference on Security and Co-operation in Europe.

Earlier in the meeting, Mr Lawrence Eagleburger, the US secretary of state, had indicated that France was still reserving its position on any joint preparations by the members states and their associates for peacekeeping missions.

But Mr Manfred Wörner, the Nato secretary-general, maintained at a press conference that this problem had been overcome.

What is certain is that, while France is fully prepared to participate in any Nato peacekeeping activities at the request of the UN, it wants to avoid giving the impression that it is rejoining the alliance's integrated military command.

France sees output fall

By Alice Rawsthorn in Paris

FRENCH manufacturing output fell 1.7 per cent during October, the month after the currency crisis which strengthened the franc against key European currencies.

The news of the decline comes at a critical time as the government, which faces legislative elections next March, is trying to protect the franc against pressure from the foreign exchange markets.

The fall in manufacturing output was partly offset by a modest increase in overall industrial production of 0.8 per cent in October compared with September, according to Insee, the state statistics institute. This was due to high demand for energy as fuel consumption rose in the cold weather.

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Germany may cut social spending

By Quentin Peel in Bonn

Russian budget deficit rises

China hits at Hong Kong company

By Simon Holberton in Hong Kong

CHINA yesterday stepped up its campaign against Governor Chris Patten's proposals for greater democracy in Hong Kong with a fierce attack on Jardine Matheson, one of the colony's oldest trading companies.

The denunciation appeared to be intended to hit Jardine's share price, and led to a steep fall in Hong Kong share overall. It prompted a rare statement from John Swire, another leading trading company of British origin, which sought to play down the attack.

The attack heightened anxiety among the colony's business leaders about the rapid deterioration in Anglo-Chinese relations and the consequences this would have for Hong Kong's long-term future.

The Hang Seng index ended 136.8 points, or 2.57 per cent, lower at 5,129.66, but marginally higher on the week. Jardine's share price ended HK$2.75 lower at HK$42.75.

A despatch carried by the Xinhua news agency described an old British conglomerate which once sold opium to China as "a bad element in Hong Kong's business community, a 'looter'."

Jardine was not referred to by name, but the reference to opium – the early 19th-century trade which was the foundation of the company's fortunes – made it the unmistakable subject of the article. It was also accused of actively promoting Mr Patten's democracy proposals in Hong Kong and London.

But Xinhua's comments concerned other British companies in Hong Kong. "It is asking for it," Xinhua said, forecasting further falls in its share price if Jardine continued its political activities.

Jardine said yesterday it had no comment on the Xinhua dispatch, accounts of which dominated the news media in Hong Kong yesterday. In contrast, Mr Peter Sutch, chairman of Swire in Hong Kong, said: "We see no reason why what has been said has any significance for the Swire group or any other company in Hong Kong."

Although some analysts said they thought the Xinhua article boded ill for British companies, the majority view was that it was a warning directed solely at Jardine. Nevertheless it heightened concern in the colony's financial community.

Mr John Mulcahy, director of research at Peregrine, a local brokerage, said: "I think this is really going to worry people overseas. Jardine is seen as a symbol of Hong Kong and the notion of it being under attack will not sit easily with investors."

Jardine has had an uneasy relationship with China since it was founded in Macao in 1832. It lobbied Lord Palmerston for the annexation of Hong Kong; this occurred in 1841 and was made legal by the Treaty of Nanking in 1842.

But it has been Jardine's more recent activities which have angered the Chinese. It agitated in London for the removal of Lord Wilson, Mr Patten's predecessor, and it has been conspicuous in its support for Mr Patten's political proposals.

Mr Henry Keswick, Jardine's chairman, is head of the Hong Kong Foundation, a London-based organisation, which has given unequivocal support to Mr Patten's plans for more democracy in the colony.

LOSING: Opposition hopeful Kim Dae-jung and his wife after voting yesterday. He was behind in early results

Close result forecast in Korean poll

By John Burton in Seoul

MR Kim Young-sam of the ruling Democratic Liberal Party (DLP) took an early lead and appeared headed for victory in yesterday's South Korean presidential election.

Mr Kim Dae-jung, his main opponent, was preparing to concede defeat, the country's Yonhap news service said, quoting unnamed aides.

The final result is expected to be known today. The margin of victory could be less than 500,000 votes out of 24m cast.

Counting has been slow because officials are using schoolgirls and bank clerks to tally votes with abacuses instead of relying on computers to avoid charges of electronic fraud that clouded the 1987 presidential election.

Eight hours after the polls closed with 34 per cent of the votes tallied, the DLP's Mr Kim had 42 per cent of the vote against 35 per cent for Mr Kim Dae-jung of the main opposition Democratic Party.

The outcome of the election could hinge on the performance of Mr Chung Ju-yung, the founder of the Hyundai business group, who is mainly attracting votes from the DLP candidate. He had 16 per cent of the vote.

Voter turnout was 81.8 per cent of the 29m eligible voters against 89.2 per cent that voted in 1987, a factor thought to favour Mr Kim Young-sam.

The election is the first in more than three decades in which all main candidates are civilians, following the downfall of the military dictatorship in 1987. The winner will be limited to a single five-year term.

Mr Kim Young-sam and Mr Kim Dae-jung both stood as opposition candidates in the previous presidential election in 1987, but lost to Mr Roh Tae-woo, a former army general, who won with 36.6 per cent of the vote. Mr Kim Young-sam subsequently joined Mr Roh's party in 1990.

Regionalism is playing an important role in the election. Mr Kim Young-sam was receiving strong support from his home region of Kyongsang in the south east, which has provided all the nation's leaders during the last three decades.

Mr Kim Dae-jung was receiving 90 per cent of the vote from his native Cholla region in the south-west.

Rivalry between the two regions has dominated the country's history ever since the two areas were separate kingdoms more than 1,500 years ago.

The regional factor benefits Mr Kim Young-sam since Kyongsang has 4.4m voters against 2.8m in Cholla.

The main electoral battleground, however, is the Seoul metropolitan area, which contains 40 per cent of the nation's voters. Mr Kim Young-sam last night had a slight lead over Mr Kim Dae-jung in the greater Seoul area.

All the main candidates differed little in their policies, which were centrist in tone.

The economy was the main election issue, with GNP growth expected to slow to around 5 per cent this year against 8.3 per cent last year. All the candidates had promised to deregulate government controls to promote growth.

The campaign was marked by allegations that government was interfering on behalf of Mr Kim Young-sam in spite of its promise to stay neutral.

Pressure grows for higher US petrol tax

By George Graham in Washington

A COALITION of fiscal conservatives, environmentalists, car-makers and international economists has given new life to the proposal that the US needs higher petrol taxes.

Mr Bill Clinton argued strongly during his election campaign against raising petrol taxes, but at his economic seminar in Little Rock this week, he appeared increasingly isolated.

Politicians who have made the mounting budget deficit the centre of their message, such as Mr Ross Perot, argue there is plenty of room to raise the relatively modest taxes imposed on petrol.

International economists at the International Monetary Fund and the Organisation for Economic Co-operation and Development have also favoured petrol taxes as a way to reduce the US budget deficit, since every additional 1 cent per gallon would raise around $1bn (£658m) a year.

Environmentalists favour higher petrol taxes as a way of discouraging the US's profligate fuel consumption, and so reducing exhaust emissions. With a US gallon of unleaded petrol now costing anywhere from $1.00 to $1.25, fuel consumption ranges from 19.7 miles per gallon in Hawaii, the most economical state, to 11.2 mpg in Alaska.

Car companies are surprising newcomers to the cause, but Mr Harold Poling, chairman of Ford Motor, backed higher petrol taxes at the Little Rock summit, and Chrysler and General Motors, the other two big US car-makers, have followed his lead.

The car companies would gladly accept higher taxes in exchange for the abolition of the current rules designed to discourage gas-guzzlers, which oblige them to make small, fuel-efficient cars which customers have no incentive to buy, because petrol is so cheap.

Talking to the Wall Street Journal Mr Clinton left open the possibility of pairing a rise in taxes with the income tax cuts aimed at the middle class which he has proposed. "I don't think you ought to raise the heck out of gas taxes unless you're going to give the middle class some kind of a break somewhere else," he said.

Baker to face election inquiry

By Jurek Martin in Washington

MR William Barr, the US attorney general, has been obliged to appoint a special prosecutor to investigate whether senior White House aides broke the law in the examination of the passport files of President-elect Bill Clinton before last month's election.

US newspapers yesterday reported that Mr James Baker, the former secretary of state who moved in August to become White House chief of staff, was among those to be questioned, along with two of his long-standing assistants, Mrs Margaret Tutwiler and Ms Janet Mullins. All three, according to the New York Times, have hired lawyers to represent them in the course of the investigation.

Mr Barr is a vigorous opponent of the independent counsel statute, which was enacted in 1978 for a five-year period and twice renewed but which expired last Tuesday.

But evidence presented to Mr Barr by his own Justice Department was reported to have found possible wrongdoing in the White House, forcing his hand under of those provisions of the act covering senior appointed officials. He approached three federal appeals court judges, who met on Monday, and appointed Mr Joseph diGenova, a former federal attorney, to the job.

The Clinton passport affair came to light a month before the presidential election, when it became known that Mrs Elizabeth Tamposi, a political appointee at the State Department in charge of consular affairs, had authorised searches of Mr Clinton's files in Washington and at the US embassies in London and Oslo, for any evidence that he had considered renouncing his US citizenship during the Vietnam war. No such evidence was unearthed, but testimony to a subsequent state department investigation suggested White House interest in the search.

Moi warned over Kenya poll conduct

By Michael Holman in Nairobi

THE Commonwealth observer group yesterday issued a second public warning to the Kenyan government about its re-election conduct.

A statement issued after a meeting with President Daniel arap Moi said the Kenyan leader had been told of the group's "concern about the continuing dispute over [parliamentary] nominations".

The leader of the group, Mr Justice Telford Georges, told the president the nomination procedure "is a crucial part of the election process".

Earlier this week the observers said the election process would be "severely compromised" if opposition candidates prevented from presenting their nomination papers in 45 seats were unable to contest the December 29 elections.

Yesterday Mr Justice Georges stressed the importance of the issue, telling the president that "blocking participation is tilting the table."

Seventeen candidates of the ruling Kanu party have been returned unopposed, but opposition parties are challenging the outcome in the high court.

Following a separate meeting with the chairman of the electoral commission, the Commonwealth group said it had pressed for measures "to strengthen the integrity of the balloting procedure".

● Demonstrators blocked streets throughout Zaire's capital with burning tyres and garbage containers yesterday in a mass protest against President Mobutu Sese Seko, Reuter reports from Kinshasa. Troops fired into the air to scatter the crowds, but the capital remained paralysed.

The protest was originally urged by Zaire's powerful Christian Lay Committee, which called for a popular uprising to end Mr Mobutu's 27-year rule.

The committee revoked the decision on Thursday, but residents went ahead with an apparently spontaneous show of anger against Mr Mobutu's efforts to cling to power.

Keating's opponents overhaul policies

By Kevin Brown in Sydney

AUSTRALIA'S conservative opposition parties launched their campaign for the next federal election yesterday by publishing a radical overhaul of their proposed economic and social policies.

The announcement followed a dramatic recovery of popularity by the ruling Labor government, which leads the conservatives by about 12 points in the polls, compared to a deficit of 12 points in October.

Mr John Hewson, the conservative leader, acknowledged that he had been unable to win widespread public support for the opposition's Fightback manifesto, launched in November last year.

The revised version retains original proposals for a goods and services tax (GST), tariff cuts, labour market deregulation and cuts in public spending to balance the budget.

However, the opposition has responded to criticism by church and social welfare groups by exempting basic foodstuffs and child-care from the GST, dropping plans to cut unemployment benefits, raising family allowances, and deferring cuts to job creation programmes.

The revised package also includes cuts in personal income taxes, A$3bn (£1.3bn) for public spending on infrastructure projects, and a streamlined depreciation regime – swiftly welcomed by business organisations.

The increased spending would be financed by bringing forward the proposed privatisation of Australia and Overseas Telecommunications Corporation, the government-owned carrier, which analysts say could raise A$20bn.

Mr Paul Keating, the prime minister, dismissed the revisions as a desperate gamble. He said the spending and revenue estimates did not add up, and claimed the Australian capital markets would be unable to digest the proposed privatisation programme. Mr Keating is believed to be working on an economic statement to be delivered early next year, possibly as a curtain-raiser to an election in February or March. He said he would not try to match the tax cuts offered by the conservatives.

Malaysian sultans may have scored own goal

Kieran Cooke explains how a bad-tempered hockey match threatens to lead to a constitutional crisis

LIKE an approaching tropical storm, the early rumblings of a constitutional crisis are being heard in Malaysia. At issue is the role of the sultans – Malaysia's royalty – in the nation's life.

Dr Mahathir Mohamad, the country's tough-talking prime minister, seems determined to tackle the privileged world of the country's nine sultans, who take turns as king.

The present problems were originally caused by a hockey game. A son of the Sultan of Johor, one of Malaysia's richest states, was playing against another state team. He is alleged to have assaulted the opposition goalkeeper and as a result, was banned from playing for five years.

Johor hockey teams were then withdrawn from various tournaments, apparently on the orders of the sultan.

A Johor hockey coach, Mr Douglas Gomez, spoke out against the ban and was summoned to the sultan's palace in Johor.

There, he told police, he was given a lecture by courtiers on royal etiquette and how to ask the sultan's forgiveness. He was then ushered into the sultan's presence and surrounded by a group of men, including military police. Mr Gomez said the sultan became angry and assaulted him. The coach later underwent medical treatment.

Malaysia's sultans have little political power, but they are one of the symbols of Malay and Islamic identity in the country and as such still have influence, particularly in rural, mainly Malay, areas. Under Malaysia's constitution, the sultans cannot be brought before a court of law.

Dr Mahathir says sultans should not be above the law in cases where people have been beaten up or murdered. The government says constitutional amendments doing away with the royalty's legal immunity will be tabled within a month.

However, any such amendments have to be approved by a Council of Rulers – consisting of the sultans themselves. If the sultans refuse to adopt the changes a constitutional crisis will be the inevitable outcome. Yesterday Mr Abu Talib Othman, attorney general, was quoted as saying he was confident the sultans would support the move to end their immunity.

Earlier this year the government tried to make the royals agree to a code of conduct which forbade their interference in business or political affairs. But the code is not legally binding and a number of sultans, the Sultan of Johor included, have not signed it.

Ten years ago a constitutional crisis was provoked by the king's refusal to give the royal assent to constitutional amendments introduced by Dr Mahathir's government. The changes would have limited royal power but increased that of the prime minister. In the event both sides were forced to find a compromise.

Dr Mahathir now feels in a stronger position. Malaysia, with its strong economic growth, is becoming a more urban society. The sultans have little influence in the towns and cities. People are perhaps becoming more cynical about their erstwhile rulers.

Many of the sultans are very rich. Some have thousands of acres of valuable timber concessions. The Sultan of Johor not only owns industrial development land in his own fast-developing state, but is also one of the biggest landowners in neighbouring Singapore.

In addition to their private wealth, the sultans receive handsome government stipends. The Johor Sultan even has his own small army – paid for out of central government funds. While the various business dealings and marital affairs of the sultans are the subject of much private gossip, any open criticism of the royalty has in the past been very carefully regulated.

Suddenly the palace gates have been thrown open. Government ministers, led by Dr Mahathir, have unleashed a barrage of criticism against the Johor Sultan. The media, given the green light by the government, have joined in.

Earlier this year the sultan of one state imported an expensive Italian sports car. It was impounded at customs, pending payment of M$2.1m (£560,000) in import duties.

The sultan concerned went to the customs, told the officials he was taking the car for a test drive – and drove it back to his palace. Though the government says the matter has now been settled, the sultan has insisted he has not paid, and does not intend to pay, any of the import duties.

The national news agency says a taboo on the reporting of royal abuses has been lifted.

"Malaysia's rulers are living in absolute luxury even by the standards of the British royal family, whose members are not only generally more well-behaved but also lead a less lavish lifestyle and are more conscious of the money they are taking from the privy purse," said the agency.

Some years ago one of the sultans said Malaysia's royalty had to maintain its credibility or the day might come when it would be condemned to the museum. A bad-tempered hockey game may have brought that day considerably closer.

Brussels set to restrict ice cream makers

By Andrew Hill in Brussels

THE European Commission is set to impose restrictions on German ice cream makers accused of trying to exclude Mars, the US group, from the German market.

Officials yesterday refused to elaborate on the likely action against manufacturers, which will be announced next Wednesday, and would not name the companies involved.

Brussels issued a temporary order in March that ties between German retailers and manufacturers should be cut to allow Mars to compete during the summer. That decision may be converted into a definitive ruling next week.

The Commission has been investigating complaints by Mars that Langnese-Iglo, a subsidiary of Unilever, and Schöller, another big manufacturer, were excluding competitors from retail outlets.

Tsutomu Hata: new faction dedicated to reform

Hata launches Japanese faction to press for reform

By Charles Leadbeater in Tokyo

MR Tsutomu Hata, the former Japanese finance minister, yesterday launched Japan's newest political faction, dedicated to a sweeping reform of the country's scandal-ridden political institutions.

Mr Hata said the group's aim was to create a political system which would enable Japan to play a larger and more responsible role in world politics.

The Hata group has attracted 33 members of the Japanese parliament who were formerly in the Takeshita faction, the largest of the groups within the ruling Liberal Democratic Party.

The launch of the Hata group yesterday marked the formal split of the Takeshita faction, which has dominated the LDP, in one form or another, since the mid-1970s.

The role of the Hata group is still unclear, but it plans to champion political reform in the wake of the Tokyo Sagawa Kyubin scandal, in which LDP leaders have been accused of enlisting corrupt businessmen to act as intermediaries with organised crime gangs and far-right political groups.

Mr Hata said: "In the past, scandals have been solved by the resignation of a single person. We want a complete transformation of the political system."

The group will campaign to replace the current system of large, multi-member electoral constituencies in which candidates from the same party compete with one another. The new faction will press for the introduction of single-seat constituencies in which candidates from different parties challenge one another.

Mr Hata said this change would promote the national debate about Japan's political priorities which the current system inhibited.

However, there is little agreement within the Hata group over its strategy.

Mr Hata believes the faction should appeal for support among the opposition socialist parties, and some of the group's younger members believe it should form the nucleus of a new party to challenge the LDP. However many of the group's senior members believe it should change the LDP from within by providing a power base for Mr Hata to become the party's leader and prime minister.

They believe Mr Hata's political reform programme will make him an ideal candidate to revive the LDP's fortunes.

Winning is not enough for Singapore prime minister

By Kieran Cooke in Singapore

A BY-ELECTION in Singapore is not an earth-shaking occasion. But the ballot today has sent nervous tremors through Singapore's body politic and prompted government warnings about the dire consequences of any change.

The People's Action party (PAP) has been in power for more than 30 years, for much of that time unopposed in parliament. Mr Goh Chok Tong, who took over as prime minister from Mr Lee Kuan Yew in late 1990, went to the polls in August last year to seek a popular mandate. The PAP won 77 of the 81 seats in parliament, polling 61 per cent of the vote – a result which anywhere else would have politicians puffing with delight.

But to the PAP the result was little short of a calamity. Four opposition MPs, more than ever before, had won seats in parliament. Mr Goh had lost a two percentage point share of the popular vote.

This by-election, in the middle class area of Marine Parade, is, according to the PAP, a general election rerun. Mr Goh is one of four candidates up for election. Last time he was returned with 77 per cent of the vote.

Mr Lee Kuan Yew, speaking at an election rally this week, said if Mr Goh's percentage of votes was reduced then the prime minister would lose his moral authority to govern. Mr Goh would become like Mr John Major, with his position challenged at every turn. A wave of uncertainty would sweep Singapore. Foreign investors might stay away. The economy would suffer.

"He [Mr Goh] will lose that moral authority both in the government and with the public. You put the whole of the government, his policies, his credibility with investors, with foreign governments, in doubt," said Mr Lee, now Singapore's senior minister.

Though the opposition has been fragmented, the small Singapore Democratic party (SDP) has made an unexpectedly strong showing, with thousands turning up for its rallies.

There are very few who think Mr Goh will lose his seat today. But there are many who feel the PAP has seriously misjudged the amount of discontent with PAP policies, particularly over health care. Mr Goh might not achieve 77 per cent of the vote. That, in the unusual world of Singapore politics, would mean a defeat for the PAP.

Home Office reverses prison pay decision

By Catherine Milton, Labour Staff

PRISON service staff who transfer to the private sector if the management of Strangeways prison, Manchester, is contracted out will retain existing pay and conditions, the Home Office conceded yesterday.

Unions say this is a further example of confusion in the contracting-out process created by the 1981 employment protection legislation, passed to comply with a 1977 European directive. They say the government's efforts to contract-out the management of Strangeways are in disarray.

Strangeways has been rebuilt after suffering serious riot damage in 1990, and the government has asked its prisons department and the private sector to tender for the contract to manage it. If a company wins the Strangeways contract, it will become the first established prison under private management.

The Transfer of Undertakings (Protection of Employment) regulations mean companies may not cut the pay and conditions of staff when an "undertaking" is "transferred" between employers in acquisitions, mergers and when some public services are contracted out.

Sir Clive Whitmore, Home Office permanent secretary, has told unions and contractors that the department had originally been advised that the regulations would not apply to the contracting out at Strangeways.

The Home Office said: "The new situation is the regulations will apply. This stems from conflicting legal advice being received on what appears to be a very complex issue." The Home Office will consider whether the regulations apply to any future tenders individually.

Unions say prisons will be far less attractive propositions to private companies if they have to honour existing conditions of employment and union recognition agreements.

Uncertainty over whether transfer of undertakings regulations apply to contracting-out of public services has caused confusion among councils, public service unions, lawyers and contractors. Mr William Waldegrave, the public service minister, last month dismissed the discussion about the application of the regulations as "a complete red herring".

He said the regulations applied only when an undertaking was transferred. Whether they applied when delivery of a government service was awarded to a private-sector tender or when a council service was contracted out would depend on the facts of the case.

● York Crown Court was told yesterday that a remand prisoner was tortured and injected with heroin by other inmates at the Wolds remand centre – Britain's first privately managed prison. Judge Gordon Atkinson said he had received a letter outlining what had happened to the man at "this so-called up-to-date prison". He said it disclosed a "deplorable state of affairs".

Bank curbs loans on credit cards

By Damian Reece and Scheherazade Daneshkhu

AMERICAN EXPRESS bank has suspended unsecured lending above £2,500 to its 40,000 green card UK customers because of rising bad debts and the recession.

Customers whose overdraft exceeds £2,500 have been told that their facility has been suspended and that cheques made after receipt of the letter will not be honoured.

A spokesman at the bank, a wholly owned subsidiary of American Express, said its write-offs for bad debt provision during the past two years had been "fairly harsh". The bank's after-tax profits last year fell to \$60m (£39.40m) from \$111m.

American Express bank halved the overdraft facility for its gold card customers earlier this month to £5,000. It then reduced the overdraft limit for green card holders from £7,500 to £2,500.

American Express says the decision follows a strategic overview which has concluded that unsecured lending should be left to customers' primary banks. It is reviewing its lending policies worldwide.

Green card customers were told that the decision reflected several factors, including the recession and "uncertain economic conditions in the UK". The overdraft facility will be reviewed in six months' time.

The move has angered customers expecting to be able to use their overdraft facility in the run-up to Christmas. American Express acknowledged that the timing of the decision may not have been the best.

One customer said he was "staggered" by the bank's attitude, which he described as autocratic and arbitrary.

"I've been an American Express cardholder since 1984 and have never had a dent in my creditworthiness with them," he said. "They've aggressively sold me other cards and this higher overdraft facility and now I'm suddenly told my cheques will be bounced." He said he would be cancelling his gold card because of the measure.

Pension rules may limit post plans

By David Owen and Roland Rudd

RULES governing the Post Office pension fund may play a key role in determining the timing of the government's plans for the organisation.

The rules limit the circumstances under which an estimated £80m surplus in Parcelforce's pension fund may be transferred to a new owner.

The government may need to signal a clear intention to break up the Post Office before proceeding with the sale of its parcel delivery arm, if it wants to be able to transfer the surplus.

The surplus could act as a significant sweetener for prospective purchasers, enhancing the attractiveness of the loss-making business.

According to actuarial advice in the Post Office's possession, the proportion of Post Office pension scheme funds relating to Parcelforce employees is "most likely" to be assessed on a "past service reserve basis" in the event of the unit's sale – "in the absence of any special factors."

This means that enough funds would be transferred to finance members' accrued pension rights but not to reflect any surplus resources. There is a £1.4bn surplus in the main Post Office pension fund, suggesting the proportion relating to Parcelforce could amount to £80m or more.

The government – which is currently reviewing pension regulations through its Pensions Law Review Committee – announced in July that it intended to sell Parcelforce. It is expected to announce the outcome of its current review of the Post Office's structure early next year.

According to the actuarial advice, "special factors" might be deemed to apply if this review resulted in the Post Office "being split up into various discreet segments".

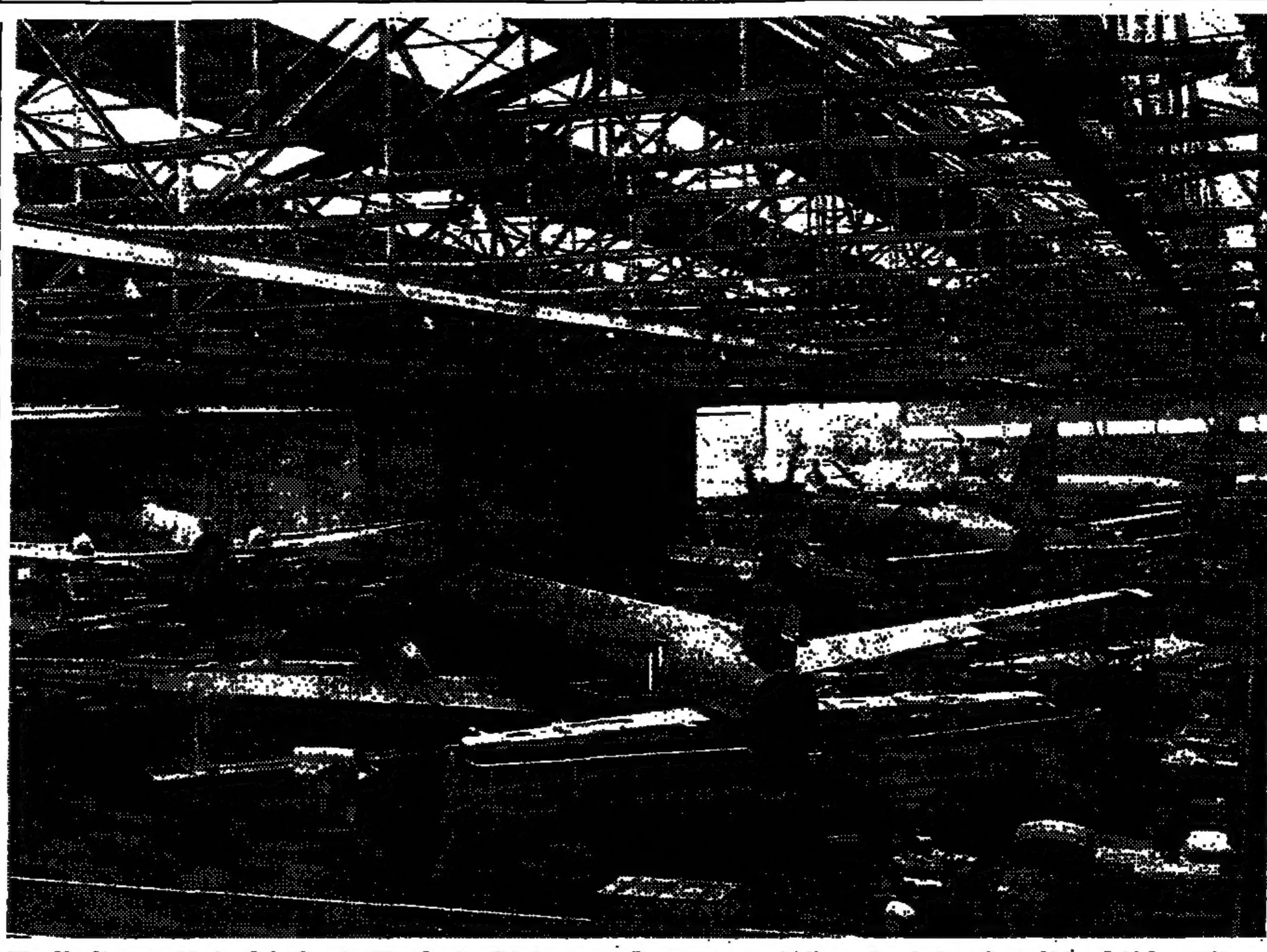
"In these circumstances the trustees might well conclude that the part of the fund attributed to each tranche of membership should include an appropriate share of the surplus in the schemes."

In an implicit reference to the possible use of the fund as a sweetener, trustees are also advised to consider "any provisions that there are or will be in the purchaser's scheme for the possible repayment of any surplus resources to the purchaser".

Kleinwort Benson, the government's adviser on the future of the service, has told ministers that the Royal Mail, the Post Office's letters division, is a "classic candidate" for a flotation.

The less profitable Post Office Counters, which handles social security payments, would be harder to sell separately. Kleinwort believes the division is fundamentally uncommercial.

The Post Office said discussions on how to handle the pension fund issue had not yet started.



Woodford's assembly track in Greater Manchester: BAe's move reflects pressures in the regional aircraft market and Airbus cuts

British Aerospace cuts 600 jobs

By Paul Betts, Aerospace Correspondent

BRITISH Aerospace yesterday announced it was cutting 600 jobs in its regional aircraft operations in the Greater Manchester area because of the recession in the commercial airline industry.

The cuts at BAe's Woodford and Chadderton plants follow a company warning earlier this week that a further 650 jobs are likely to be lost next year at its commercial aircraft plants at Filton in Bristol and Broughton near Chester.

The latest cuts reflect the continuing pressures on BAe's commuter and regional aircraft markets as well as the decision of the European Airbus consortium to scale back production because of cancellations and order deferrals.

BAe, which manufactures the wings for Airbus airliners, is having to scale back production to match the reduced rate of Airbus output following recent decisions by large customers such as Northwest Airlines to cancel big orders.

Before the latest job cuts, BAe unveiled a radical restructuring programme for its loss-making commercial aircraft activities, including the closure of its aircraft manufacturing plant at Hatfield, the reduction of 3,000 jobs and a preliminary agreement to join its regional jet activities with Taiwan Aerospace. The restructuring also involved the transfer of turbopropeller commuter aircraft activities to Prestwick in Scotland.

But BAe said it was reducing its commercial aircraft workforce further because "the effects of the recession on the airline industry are on-going, with consequent deferment and cancellation of orders".

The company, one of the UK's biggest manufacturers, has also made heavy job cuts in its defence activities. It said its latest market outlook required it to adopt a "more prudent" approach to its regional jet and turbopropeller commuter aircraft production.

The restructuring moves coincide with the final round of negotiations between BAe and Taiwan Aerospace for a joint regional aircraft venture. BAe said the negotiations were making "good progress".

BAe and Taiwan Aerospace said in September they expected to complete the deal by the end of the year. However, several aerospace industry analysts expect the transaction to take longer.

The latest round of BAe job cuts were attacked by the Labour party and engineering unions. Mr Frank Dobson, Labour's employment spokesman, said: "If we are to have an industrial future, these are the type of hi-tech jobs we cannot afford to lose."

Auditors fail to meet standards

By Andrew Jack

ONLY ONE out of four auditors to listed companies inspected by regulators passed all the new audit requirements without any challenge.

The figure was given yesterday in the first annual report from the Joint Monitoring Unit, the self-regulatory body jointly controlled by the UK's three chartered accountancy bodies.

The report showed that, in all, only 11 of the 158 auditors randomly visited in the six months to last October achieved full marks on 13 questions devised by the unit in conjunction with the Department of Trade and Industry. Inspections have been completed on only four auditors to listed companies.

The unit concluded: "While most firms have taken steps to comply with audit regulations, many still need to improve their systems and procedures."

Members of the audit regulation committees also stressed that the tests were highly subjective, and that it would be very rare for any audit firm to go unchallenged on all the questions. They said the tests were still being refined.

Mr Colin Brown, chairman of the joint audit regulation policy co-ordinating committee, said: "It is too early to make any final judgments. We do not have evidence to suggest the profession is falling apart at the seams. But those areas in need of remedy are being remedied."

The three institutes confirmed that audit registration fees – which have been a source of concern to some firms – will remain frozen next year.

Merseybus sold to employees for £6m

By Ian Hamilton Fazey, Northern Correspondent

MERSEYBUS, which operates a fleet of 1,000 publicly owned buses on Merseyside, is to be sold to its workforce for £6m through an employee share option scheme.

The deal, which the government approved yesterday, was supported by an overwhelming majority of the company's 2,600 employees in a ballot last month.

The company is one of the area's 10 largest employers and has been owned by the county's five metropolitan boroughs through the Merseyside Passenger Transport Authority.

The deal restricts Merseybus being sold again within three years and requires the company to join all operator travelcard schemes run locally.

Merseybus is the 13th public transport company to be sold. There are 36 bus companies still owned by local authorities.

Following the Autumn Statement, councils that sell bus companies by the end of next year will be able to keep all the proceeds, instead of the 50 per cent previously allowed, which will apply again from January 1994.

GPT telephone factory to close

By Daniel Green

GPT, a subsidiary of GEC, Britain's largest defence electronics manufacturer, is to close a telephone equipment-making plant with the loss of 250 jobs.

The company blamed recession and newer technology for the closure of the factory at Kirkaldy, Fife. It said it had reviewed all sites and decided to cut capacity. The factory will shut on March 31.

Re-deployment will be offered to employees "where possible", said the company. "Every effort will be made to assist people to look for alternative employment." Consultations with employee representatives has already started.

GPT was formed in 1988 by the merger of the telecommunications operations of GEC and Plessey. Several of its plants have since closed.

It once employed more than 3,000 people at the Kirkcaldy factory and a defunct sister plant in Glenrothes, Fife.

The Kirkcaldy plant made computers for Amstrad, the electronics company, until June 1991 when GPT pulled out of the venture.

GPT had earmarked the plant for several new projects, especially in the mobile telephone market. The schemes, such as Telepoint, which was intended to be a cheaper alternative to the more flexible cellular telephone network, failed.

Earlier this year, GPT closed its research and development and engineering centre at Newton Aycliffe, County Durham, where it employed 65 staff, and it made a further 250 people redundant at Beeston, Nottinghamshire. The company still manufactures telecommunications equipment at Beeston and other sites.

Call to support enterprise body

By James Buxton, Scottish Correspondent

MR IAN LANG, the Scottish secretary, was yesterday urged by Labour to confirm that Scottish Enterprise, the official development body, still has a long-term future. This follows an announcement by Scottish Enterprise that it plans to make 60 of its 380 headquarters staff redundant.

Scottish Enterprise stressed that the redundancies, which it hopes will be voluntary, did not result from financial stringency but from a desire to "refocus" its activities and improve efficiency in line with its remit from Mr Lang. Its budget for 1993/94 is virtually unchanged at £455m.

The headquarters in Glasgow funds the network of 13 local enterprise companies in southern Scotland, carries out Scotland-wide functions and helps selected sectors of the economy.

Mr Crawford Beveridge, chief executive, said it would continue to focus on attracting inward investment, assisting indigenous investment, helping selected sectors and developing exports. He added: "It is important that everyone should realise that there is no diminution in the role we have to play."

The enterprise companies are expected to reduce their administrative budgets next year, Scottish Enterprise said. Recently Mr Lang told Scottish Enterprise he wanted to see more decentralisation to the companies.

Scottish Enterprise was unable to name any sector of its activities that would be discontinued, although it is believed that help to industrial sectors which already have a strong trade association may be ended.

Safeway store to close on Sundays

SAFEWAY, the food retailer, yesterday became the first victim of this week's European Court of Justice ruling upholding English Sunday trading laws, Neil Buckley writes. It has agreed to close its store at Newport, Shropshire, on Sundays from December 27. The store will open tomorrow.

The Wrekin Council took Safeway before the High Court in the first case since the European court's ruling that the Shops Act in England and Wales, which limits Sunday trading, did not clash with EC trading laws. The High Court did not issue an order for the store to close. It said it would wait for the European court's ruling to be considered by the House of Lords.

Safeway said yesterday it had agreed with the council that in the light of the legal action it would close its Newport store on Sundays from December 27 until any further court order, or until parliament changed the law.

Safeway said it was taking legal advice on whether to continue Sunday trading at other stores after tomorrow, although for the moment opening would continue.

Other retailers including J. Sainsbury and Tesco said they would also open tomorrow, but would take legal advice and review the situation when the House of Lords had considered the European court ruling.

Vehicle parts plant planned

SOMMER, the French vehicle interior trim and plastics manufacturer, is setting up a second UK production plant. It will be at Burton-upon-Trent, Staffordshire, and will employ about 300 people. Production is expected to start in the summer next year and the plant will supply interior parts to Toyota's nearby plant at Burnaston, Derbyshire.

Sommer already has a factory next to Nissan's car facility at Washington, Tyne and Wear, to which it supplies interior trim on a just-in-time basis.

Sacked women win leaflet ruling

WOMEN who were sacked from a mushroom farm after refusing new contracts, which they claimed cut their pay, were given permission yesterday by the Court of Appeal to carry out a leaflet campaign to persuade shoppers not to buy the farm's produce.

Three judges allowed an appeal by the TGWU general union, which represented 89 women sacked by Middlebrook Mushrooms, a subsidiary of food group Booker. They lifted an injunction which had blocked the campaign.

Middlebrook claimed the campaign amounted to a direct, and therefore unlawful, interference with its contracts of supply with supermarkets. The union said the case had been an important one for freedom of speech.

Scottish pit march arrives in London

A GROUP of Scottish miners have arrived in London at the end of a protest march against the proposed pit closures.

Nine miners set out from Glasgow on November 14, marching through several communities where pits are threatened with closure. They were joined on the way by other miners.

The Trades Union Congress will host a programme of activities for the miners today.

Workers occupy Kirby factory

WORKERS have occupied the former Lyons Maid ice cream factory in Kirby, Liverpool, in an attempt to persuade the new owners, Nestlé UK, to keep the plant open.

The workers at Kirby and at another former Lyons Maid plant at Greenford in London lost their jobs in October after Clarke's Foods, which had bought the plants, put the company into receivership.

Ulster crime figures rise 11%

THERE were 63,492 crimes reported in Northern Ireland last year, according to government figures published yesterday. This was a rise of 11 per cent on 1990. The Royal Ulster Constabulary cleared up 36 per cent of offences last year, [illegible]

ITC pulls plug on Thames' bid for Channel 5

Raymond Snoddy reports on why a consortium's proposals for a new national TV service were rejected

MR Kenneth Blythe, secretary of the Independent Television Commission, yesterday went to the London office of Mr Richard Dunn, Thames chief executive, to deliver in person the commission's verdict on Channel 5.

The ITC executive said it did not want Mr Dunn to receive the news on his franchise bid by fax, as happened last year when Thames found out it had been outbid and would no longer be an ITV company.

This time, the news was bad all the same. Channel Five Holdings, the Thames-led consortium which had submitted the only bid to run a new channel capable of reaching 70 per cent of the population, had been rejected.

The ITC had accepted the consortium's proposals for retuning millions of video recorders to get rid of interference likely to be caused by the Channel 5 signal. This had been seen as the main barrier to the project going ahead.

The commission also accepted the consortium's programme plans, in spite of concern that they might be too London-oriented, at least in the early years, to qualify as a national channel.

Channel Five Holdings was judged to have failed the quality threshold on two counts:

● The ITC was not satisfied with the business plan, particularly projected costs, audience share and revenue projections.

● It was also dissatisfied with the level of investor commitment

As it is impossible to forecast advertising revenues accurately for 10 years, Channel Five was convinced it had made adequate provisions for what was always going to be a minority channel starting out with a 5 per cent audience share rising to 10 per cent or more over a number of years.

The consortium is even more angered about the decision on "the level of shareholder commitment".

Thames Television was to take a 35 per cent stake in the venture, a stake authorised by the board of Thames and its majority shareholder, Thorn EMI.

Time Warner International committed itself to 10 per cent because it has a divisional investment limit of \$25m (£16.4m). A recommendation from TWI senior executives for a further 25 per cent stake has been submitted to the main board of Time Warner, the world's largest media company. It was due to be considered in the new year.

The US company sent a five-page letter to the ITC backing the project and explaining the delay had been caused by a false start with another Channel 5 consortium. Three other large companies wrote expressing enthusiasm for the venture.

Pearson, owner of the Financial Times, said it was interested, but first had to get acceptance from its partners in British Sky Broadcasting because of an understanding that shareholders would not invest in competing media ventures.

Cox, the US media group with a turnover of more than \$2bn, said it was interested but was in the process of completing due diligence.

Capital Cities/ABC, the US network company, said it was interested in investing but had to carry out due diligence on the business plan. Associated Newspapers had also written to the ITC saying the company was interested.

The ITC also received a letter from S.G. Warburg, the merchant bank, saying it had no doubt the project could be 100 per cent funded.

The commission appears to have disregarded the interest from Pearson, Cox, Capital Cities/ABC and Associated and the 25 per cent of possible Time Warner investment which had not got main board approval.

Mr Peter Rogers, deputy chief executive of the ITC, said yesterday he had wanted to see the "great majority" of financing in place before the decision was taken. Thames executives have been told "great majority" meant 70 per cent, although there was no such term in the applications [illegible]

There is a 12-week gap between awarding the licence and granting it. Even if the licence had been awarded yesterday it would have been subject to raising the additional money needed, shareholder approval and licence terms, [illegible]

Cash surge cuts deficit to £8.13bn

By Peter Marsh, Economics Staff

A SURGE in money flowing into Britain arising from companies' overseas operations and from bank transactions has led to a large cut in the current-account deficit for the first nine months of 1992.

The Central Statistical Office said yesterday the current account deficit for the nine months was £8.13bn, against a previous estimate of £8.68bn.

The revision results largely from new third-quarter figures for invisible trade, which covers services, interest payments and financial transfers.

However, the CSO cautioned that the better-than-expected figures largely reflected special factors related to the depth of the UK recession and September's sterling devaluation. The figures could not be taken as a guide to underlying trends.

On the basis of the new numbers, the UK had a surplus on invisible trade in the third quarter of £1.07bn, as against a previous projection of £300m.

The UK traditionally has a surplus in this part of the current account. This normally partly compensates for a large deficit in visible items, comprising merchandise goods and oil.

The new estimates are mainly due to a large surplus on net payments into Britain in the third quarter of interest, profits and dividends. At £1.73bn, this is the biggest surplus for such items since the CSO started records in 1963.

The surplus partly reflects a large net flow into Britain in the third quarter of £2.16bn from earnings on company investments. In the second quarter, the corresponding flow of cash into the UK was only £1.6bn.

The explanation for this figure was that the recession pushed down the amount of cash flowing out of Britain arising from non-UK companies' operations. Another factor was currency translations linked to sterling devaluation.

The invisibles surplus also benefited from a reduction in the flow of cash out of Britain arising from profits on banking transactions. In the third quarter, this was £903m, as against £1.46bn in the second quarter.

Less useful in helping the invisibles surplus was a reduction in cash earned on services. In the third quarter, the surplus on service activities was £842m, the lowest quarterly figure since late 1989.

The overall impact of the upward revision in the invisibles figure for the third quarter was diluted by a new estimate for the invisibles surplus for the second quarter. The CSO now puts this at £100m, as against a previously estimated £836m.

Exodus from inner cities continues

By Alan Pike, Social Affairs Correspondent

BRITAIN'S population map altered significantly during the 1980s, with continuing movement away from the big cities.

The first detailed results of last year's 10-yearly census show that the overall population counted on census night – 54,156,067 – had changed little since 1981. Resident population, taking account of people who were absent from home on census night, was 54,888,844.

Without exception, however, populations of the inner-urban areas had fallen.

East Anglia and the south-west were the biggest gainers. The East Anglian population had the fastest growth rate – an annual average of 0.8 per cent between 1981 and 1991 – finishing the decade with 154,500 more people in the region.

The south-west gained 273,000 people – a 0.6 per cent annual increase – almost the same number as the north-west lost. Of the 259,600 people who left the north-west – the region with the sharpest population decline – between 1981 and 1991, the biggest proportionate loss was from Merseyside. England and Wales gained 177,300 people since the 1981 census, while the Scottish population dropped by a similar amount – 168,583.

Last year's census included a question about ethnic origin for the first time, providing the most accurate data ever available on Britain's ethnic minorities. It shows that 94.5 per cent of the British population describe themselves as white. Indians are the biggest ethnic group – 1.5 per cent – followed by 0.9 per cent of black Caribbeans and a similar proportion of Pakistani origin.

Most organisations representing Britain's ethnic minorities supported the inclusion of the ethnic-origin question in the census. By combining the results with answers to other census questions on issues like housing and employment, it will be possible for policy makers to access the particular needs of ethnic minorities.

The national figure of a 5.5 per cent ethnic minority population – a little higher than previous estimates – disguises a very different regional distribution. Nearly 10 per cent of the south-east's population is from ethnic minorities, rising to more than 25 per cent in inner London. By contrast, more than 98 per cent of the populations of Scotland, Wales, the south-west and the north (covering the north-east) describe themselves as white.

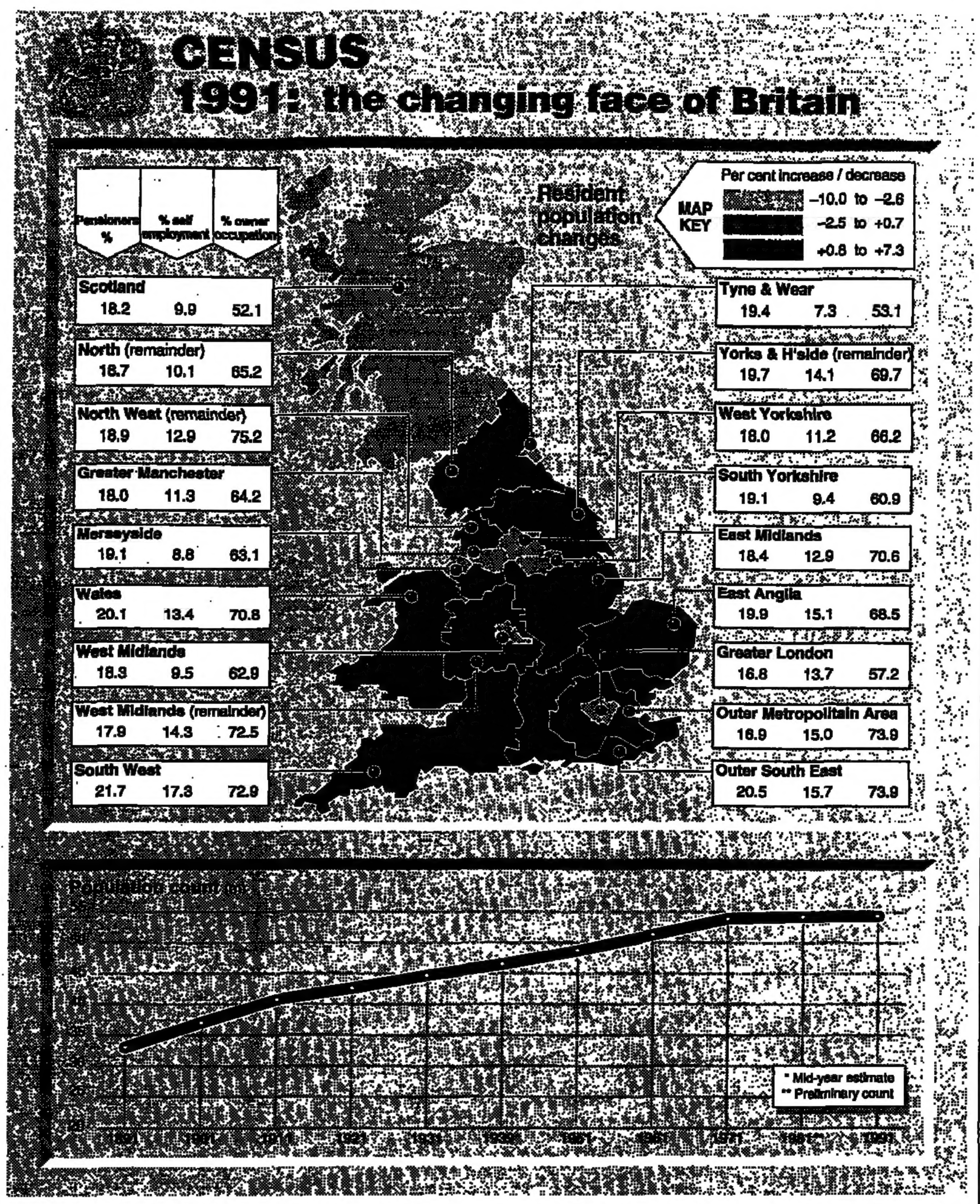
One of the striking social changes of the 1980s – a sharp increase in home ownership based largely on the sale of council houses – is confirmed in the results. By last year 66.4 per cent of households owned their accommodation, a 10.6 percentage points increase over 1981. The proportion living in local authority rented accommodation fell by 9.7 percentage points.

More than a quarter of these households – 26.8 per cent – consisted of one person living alone. That is an increase of 4 percentage points since 1981, and is another trend that is likely to continue. Most Britons – nearly 60 per cent of households – live in semi-detached or terraced houses, while 20 per cent live in detached ones and 17 per cent in purpose-built flats.

Measured in terms of amenities, the census points to improved lifestyles since 1981. The proportion of overcrowded households fell by 2.1 percentage points to 2.2 per cent of families, and by last year only 1.3 per cent of households lacked baths and internal lavatories, compared with 4.7 per cent 10 years earlier. A third of households had no car available for their use, but 23 per cent had two or more cars – up 8 percentage points.

Another question included for the first time related to long-term illness. This revealed that 24.7 per cent of households contained at least one person with a long term-illness, rising to 32.3 per cent in Wales.

At the time of the census, 76.8 per cent of men aged 16-64 and 62.9 per cent of women aged 16-59 were in full or part-time work, self-employed or on government schemes.



Building societies' outflow at £184m

By Scheherazade Daneshkhu

BUILDING societies fared poorly on both sides of their business last month, according to figures published by the Building Societies Association yesterday.

There was a £184m net outflow of savings in November as depositors found better interest rates elsewhere. November's figures reversed October's net inflow of £281m and mean that there were net outflows in five of the past 11 months.

Mr Mark Boléat, director-general of the Building Societies Association, said the November outflow was not surprising "against the background of a generally disappointing pattern of savings this year".

He said the November figures reflected recent cuts in savings rates but thought that savings rates would go no lower. "Potential competition from longer-term investment products means that building society savings rates are close to their effective floor," he added.

There is some evidence to support this. National & Provincial, the UK's eighth-largest society, this week announced it would be raising rates by 0.25 of a percentage point on amounts over £25,000 on some of its investment accounts from Monday. It is also increasing the rate paid on its two Tax Exempt Special Savings Accounts.

Mortgage lending was also down. Net new commitments decreased to £1.85bn from £2.17bn in October – a drop of just over 14 per cent – while gross mortgage advances increased slightly to £2.09bn in November from just under £2bn the month before.

In spite of the fall, which was attributed to seasonal factors, Mr Boléat expressed relative optimism about the housing market next year.

The BSA also released regional house price figures for the third quarter, based on a 5 per cent sample survey of building society completions. The sample included Abbey National, the UK's second largest lender, which is a bank.

The average UK house price was £62,265 in the third quarter, down by 5 per cent compared with the same period last year. The greatest fall was in Greater London, where prices were down 11 per cent.

Bank presses EC on supervision

By John Gapper, Banking Correspondent

THE BANK of England is pressing European Community countries to allow outside regulators to review banking supervision arrangements once the Second Banking Co-ordination is implemented in the new year.

Under the directive, branches of EC banks operating outside their home market will no longer be primarily supervised by their local regulator. Instead the regulator in the parent bank's home country will have supervisory responsibility.

This will mean principal supervisory responsibility for branches of EC banks in the UK will rest with their home country supervisors rather than the Bank, though it will continue to monitor the branches' liquidity.

This supervisory system is the corollary of a new "passport" given to EC banks which will allow them to operate in any EC country so long as they have been authorised to conduct banking business in at least one member state.

There is concern that some EC bank supervisors could be less effective than others. This would risk branches of EC banks in Britain not being supervised properly – to the possible detriment of customers.

The Bank wants both EC and international supervisors among the G10 group of industrialised countries to accept a system of "peer group review" recommended in the wake of the collapse of the Bank of Credit and Commerce International.

Lord Justice Bingham recommended the idea of peer group review in his report on BCCI. The suggestion was intended to help ensure common high standards of bank supervision among EC countries.

The directive has caused some concern in the wake of BCCI because the bank was incorporated in Luxembourg, and was supervised by a college of regulators led by the Bank of England and Luxembourg bank regulators.

Business failures rise by 48% in north-west

By Ian Hamilton Fazey, Northern Correspondent

RECEIVERSHIPS in north-west England were 48 per cent higher in the first 11 months of 1992 than in the same period last year and are likely to pass 550 by the end of December, according to Latham Crossley Davis, a firm of accountants based in Chorley, Lancashire.

Construction, tourism, leisure, property, building materials and furniture were the sectors hardest hit. However, the rate of increase has been declining during the year.

The month-on-month rise was 286 per cent last January, while the increase for the first half-year was 63 per cent. The rate dropped back to 31 per cent for the five months from July to November. There were fewer receiverships last month than in November 1991.

The firm has also been surveying 500 business leaders since July and has found a slight rise in confidence. On a scale of 1 to 10, confidence averaged 5.5 between July and December, but had risen to 6.5 in November.

DTI 'to clear' NatWest in report on Blue Arrow

By Robert Peston, Banking Editor

THE Department of Trade and Industry has received the report of its inspectors into allegations that National Westminster Bank and its deputy chairman, Mr Tom Frost, misled a previous DTI inquiry into the Blue Arrow affair.

Bankers who have seen excerpts from the report, presented to the DTI on December 1, believe that Mr Frost and the bank have been cleared of serious offences. However, it is unlikely to be published until after Christmas, according to government officials.

The latest DTI investigation was launched in March, following allegations during the Blue Arrow trial last year that Mr Frost had concealed documents from DTI inspectors during an investigation into the Blue Arrow affair carried out in 1989.

During the trial, a barrister said a draft memo on NatWest's involvement in the Blue Arrow rights issue, containing handwritten notes made by Mr Frost, had not been submitted to the inspectors.

Separately, Mr Hugh Hudson, a NatWest employee who conducted an internal inquiry into the affair, said he felt "let down" by Mr Frost and Sir Philip Wilkinson, a former NatWest deputy chairman, for not supplying him with all relevant documents.

However, bankers who have seen excerpts from the new DTI report believe Mr Frost has been vindicated. Lord Alexander, NatWest's chairman, is expected to be particularly pleased since he took the unusual step of calling for the second DTI inquiry.

He asked for the probe in an attempt to end the speculation about Mr Frost's role, which he felt was damaging the bank.

After it was launched, Mr Frost was replaced as NatWest's chief executive by Mr Derek Wanless. Mr Frost said he was stepping down in order to devote "sufficient time" to assisting the inquiry in an attempt to clear his name.

He said that he planned to retire from the bank next August. He has recently played a more active role in the bank's affairs, having kept a low profile for several months.

The focus of the earlier DTI inquiry was how NatWest failed to disclose for several months that it had acquired a substantial exposure to Blue Arrow's shares through a rights issue by the employment agency group even though, in normal circumstances, its exposure should have been disclosed to the stock exchange.

That inquiry was followed in 1991 by a trial of NatWest Investment Bank, County NatWest and UBS Phillips & Drew – and seven individuals – who were accused of conspiring to mislead the market over the £837m rights issue.

Four of the individuals were convicted but had their convictions quashed on appeal. The others were acquitted.

Building output falls 5%

By Andrew Baxter

THE recession in the construction industry was underlined yesterday with provisional figures showing that output in the third quarter of this year fell 5 per cent to £7.48bn compared with the same quarter of 1991.

The Department of the Environment figures also show that output in July to September was 1 per cent lower than in the second quarter of this year.

Total new work in the third quarter was £4.44bn, 2 per cent lower than in the previous quarter and 3 per cent lower than a year ago. New private housing work was 10 per cent higher than a year ago at £765m, while new private commercial work fell 22 per cent to £1.17bn.

The figures are based on the value of construction work at constant 1985 prices, seasonally adjusted.

Assessment of coal costs 'revised up'

By David Owen

AN assessment of attainable production costs at 27 British Coal pits was revised upwards by more than 15 per cent following a government request, according to the company that provided it.

The John T Boyd consultancy reassessed its estimate of average potential costs at these pits after being requested by its client, the Department of Energy, to "adopt a more middle-of-the-road approach".

This resulted in a figure for potential coal production costs of £1.33 per gigajoule – the unit of energy from coal – appearing in the company's unpublished April 1992 report. This figure was up from £1.15 projected in an original draft dated December 1991.

Disclosure of the department's request, in written evidence from Boyd to the all-party Commons trade and industry select committee, is likely to rekindle debate over the coal industry's potential competitiveness.

British Coal has tentatively agreed contracts with the two main electricity generators in England and Wales by which it would sell coal at £1.50 per gigajoule.

In its evidence, Boyd indicates that its £1.15 estimate was "based on a relatively unconstrained approach", assuming "freedom to manage the mines on a commercial basis".

It continues: "Considering the sweeping industrial and regulatory changes incorporated into our estimate of potential cost, the Department of Energy requested that we adopt a more middle-of-the-road approach which assumed existing regulations (within the context of prevailing industrial practices) were gradually modernised.

"This approach was used in our April 1992 report and produced the £1.33/GJ average cost at 100 per cent achievement-level conclusion."

Hoover stirs up PR dust cloud over free flights deal

Gary Mead and Michael Skapinker report on a troubled promotional scheme

THE Hoover promotion offering free flights to customers may not have been the marketing success the company intended. Sales have increased, but the gloss has been taken off by bad publicity.

In September Mr Alex Mills, who lives in Glasgow, and four relatives bought Hoover vacuum cleaners and planned to take advantage of the offer to to fly to the Canary Islands next June for a holiday.

Hoover was offering two return flights to one of six European destinations in return for purchases over £100. The Mills filled in the application forms and sent them to JSI Travel, which Hoover is using for the promotion.

"We have not heard anything since," says Mr Mills. "I'm fed up with it. My eldest daughter phoned Hoover and asked what was going on. They told her they were busy with the December promotion. That was the last we heard about it."

If Mr Mills' experience is common, it threatens to sour the public relations goodwill the promotion was designed to generate.

Hoover is now running a similar promotion, offering two free return flights to the US, either New York or Florida. Applicants are promised they can take flights between February 1993 and April 1994. It is too soon to tell what consumer reaction to the US deal will be, as the offer does not close until December 31.

Some within the travel industry doubt whether the promotions make commercial sense. One senior travel industry executive said it was difficult to imagine Hoover making anything other than a large loss on the promotion. "What profit is Hoover making on that £100 sale? They might be making a tenner. Out of that they're paying for two tickets to America? It's bonkers."

The main brouhaha concerns the European-bound offer. What appeared to be a magnificent sales, marketing and public relations promotion has turned into a wrangle, particularly in Scotland, where both Hoover's schemes have been strongly promoted by retailers.

Ms Jenny Axelson, a director of JSI Travel, agrees there has been some chaos, but only because "the offer has been far more popular than any of us anticipated . . . We have received 100,000 applications and expected no more than half that. There is no cut-off date to the European offer and applications are still coming in."

JSI says so far more than 900 applicants for the European scheme have successfully travelled to destinations in the Canary Islands, Italy, Austria, Germany and Spain.

The sheer volume of applicants has forced Hoover to appoint two other travel agents – Your Leisure and Free Flights Europe – to assist JSI.

Hoover yesterday said Free Flights Europe, like JSI and Your Leisure, belongs to the Association of British Travel Agents, but that Free Flights Europe is owned by a holding company, the identity of which Hoover is not prepared to reveal "until next week".

Mr Keith Betton, director of corporate affairs at the Association of British Travel Agents says: "Customers who get involved in such schemes need to be fully aware that they are not financially protected by ABTA." However, Hoover has given an undertaking that all accepted applicants will get their flights even if Your Leisure, JSI Travel or Free Flights Europe fold.

Hoover added that from next Monday it will run a free flight telephone helpline.

Over the next few days applicants will receive a letter telling them which of the three travel agents is handling their travel arrangements.

The US offer is being handled by Your Leisure. Mr Michael Dunkley of Your Leisure denies there is a problem finding flights: "There is plenty of capacity . . . The media have exaggerated the problems concerning lack of seats."

Retailers involved in the scheme are very pleased. Dixons says: "It has been tremendously successful, with demand far outweighing supply. [Hoover] stock is walking out the door as fast as it comes in, both for the European and US offers. We have received no complaints from customers. It has been one of the most successful promotions ever, as far as we are concerned."

The promotions appear to be prompted by a short-term need to shift product. In October Hoover's US parent, Maytag, reported pre-tax losses of $50.2m (£33m) in the three months to the end of September, compared with a $24.2m profit for the same period in 1991.

But a year from now the short-term advantages of shifting product may be seen as a longer-term commercial blunder. "We now have a distressed market for electrical goods up here in Scotland. Open any newspaper and ads for second-hand unused vacuum cleaners drop out," said one retailer.

Who will benefit from the great Hoover promotion scheme? By the middle of next year Maytag will be in a position to know.

JSI Travel promises that Mr Mills should hear from them by January. But unlike vacuum cleaners, goodwill is not easily purchased.

Jelly ball toys are banned

STOCKING-FILLER Christmas toys known as jelly balls were banned yesterday. The brightly coloured golfball-sized toys are designed to be thrown at walls, where they stick before slowly trickling downwards.

The government has served prohibition notices on 14 companies. Baroness Denton, consumer affairs minister, said toddlers might mistake the jelly balls for sweets.

Brand names covered are: Jelly Balls, Kung Fu Balls, Splat Balls, Splat Eggs, Splat Tomatoes, Slime Balls, Sticky Balls, Tacky Wacky Wall Rollers, Spike Balls, Sticky Flying Hammers, Hand Hammer Sticky Catchers, Sticky Hand, Sticky Flicker and Sticky Troll.

FINANCIAL TIMES

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Saturday December 19 1992

In the bleak midwinter

IN LIVERPOOL, Cambridge and other far-flung parts of Britain, seven wise men will spend the Christmas season staring at the economic stars. What gifts might Mr Norman Lamont expect when these recently appointed wise men travel to the Treasury early in 1993? Britain's embattled chancellor can hardly hope for gold, while myrrh would be most unwelcome. Nor will medium-term prophecies of looming current account or budget deficits please the chancellor. Only news that an economic recovery is under way will give him a happy new year.

The past week's economic news in the UK has been far from encouraging. Output in November remained flat, business expectations for the coming months are depressed, and unemployment rose by a further 41,000 last month. Most worrying, there is little sign that banks and consumers have responded to the 3 percentage point cut in interest rates which has followed Britain's departure from the European exchange rate mechanism. Bank lending in November fell by £600m compared with a predicted rise of £2.3bn.

Nor, peering further afield, will the wise men find much good news for the UK economy. The OECD has revised its forecast for economic growth among its 24 industrialised country members to 1.9 per cent next year down from 3 per cent last June.

The main cause of slow growth, according to both the OECD and the International Monetary Fund, is the continued inability of Germany's politicians, unions and the Bundesbank to discover how a cut in Germany's high interest rates might be balanced by tighter fiscal policy and a commitment to wage restraint. The OECD has already shaved half a point from its over-optimistic 1.2 per cent growth forecast for Germany next year.

Dangerously unbalanced

Confirmation that German economic policy is dangerously unbalanced was delivered this week from an unlikely quarter. When the managing director of as orthodox and inflation-hating an organisation as the IMF calls for a two percentage point cut in a country's interest rates, as Mr Michel Camdessus did on Thursday, then something is amiss.

Presumably, Mr Camdessus was not only speaking for the IMF but also as a Frenchman, a distinguished member of that brotherhood of French bureaucrats which runs multilateral institutions. The force of the words he used in criticising Germany's chokingly high interest rates and persistent budget deficit testifies to the strain that the ERM is placing on the domestic authority of the French ruling elite.

While a touch of the blues may have crept into Mr Lamont's bath-time singing, he can rest assured that he will not have as tense a Christmas as his French colleague, Mr Michel Sapin. With an election pending, and the French franc languishing at the bottom of its bands within the ERM, the French Treasury is assured of a nervous start to 1993.

The effort to sustain the French commitment to the ERM against the speculative pressures of the coming weeks will severely test the co-operative spirit and sense of common purpose of France and Germany. Without either an open-ended German commitment to protect the French franc's D-Mark parity or, alternatively, a sizeable cut in German interest rates, the risks that the Franc will be forced out of the ERM are not negligible.

German inflation

Yet this week's uncompromising noises from the Bundesbank about the need to target monetary policy on German inflation alone, and the apparent failure of Mr Helmut Kohl's solidarity talks to deliver an agreement on wages and tax increases, do not inspire confidence. Even Germany's famed consensual approach may fail to avoid prolonged recession. The pain will not be Germany's alone, as was confirmed by the news that French manufacturing output fell by 1.7 per cent in October

All is not bleak and chilly in the OECD's Christmas message. Not only does the report expect the US economy to grow by 2.4 per cent next year but the OECD now believes, following recent news, that this forecast is half a percentage point too low. These numbers should be taken with a heap of salt. The OECD has, after all, been forecasting US recovery for at least a year, partly because it underestimated the US credit crunch, but also in an attempt to dissuade US politicians from using fiscal policy to boost short-term economic growth. Any temporary fiscal expansion, the OECD says, must be "both temporary and accompanied by a *credible* commitment to unwind it when the economy picks up", conditions that the US political system has been unable to meet.

Encouragingly though, if the message from last week's economic circus in Little Rock is genuine, President-elect Bill Clinton has been persuaded to take a medium-term view, which emphasises deficit reduction over short-term stimulus. It is a message that Britain's seven wise men will soon have to send loudly and clearly to the UK Treasury, assuming, that is, that they are men, not dwarfs.

Middle East talks hang in the balance after the deportation of alleged Islamic militants from Israel, says **Hugh Carney**

A lull in the battle for peace

This has been a miserable week in the Middle East. Against a backdrop of rainstorms, snow squalls and dense fog, violence and recrimination have pitched the region into its severest political crisis since peace negotiations began in Madrid a little over a year ago.

The brutal deportation by Israel on Thursday of more than 400 alleged Islamic militants, which followed a spate of attacks on Israeli troops in the occupied territories by the Hamas Moslem fundamentalist movement, has left the peace talks hanging in the balance.

Instead of inheriting a well-established process moving slowly, but steadily, towards agreement, President-elect Bill Clinton and his yet-to-be announced secretary of state must add the Arab-Israeli conflict to the list of foreign trouble spots that require urgent and skilful attention when they take over the US administration next month.

For President George Bush and Mr James Baker, his chief of staff, this week's crisis must have been especially galling. The president had summoned the Israeli, Palestinian, Syrian, Jordanian and Lebanese delegations to the Washington talks to the White House on Thursday for what was meant to be a congratulatory public reminder of his administration's achievement in putting the peace talks together.

But instead of basking in compliments, Mr Bush was reduced to making appeals that the negotiations should not now fall apart. Most bitter of all, the president was confronted with an unexpected act of repression against the Palestinians by Mr Yitzhak Rabin, the Israeli prime minister whose election last June was greeted with gushing enthusiasm by the Bush administration as a great step forward in the peace process.

Indeed, the advent of Mr Rabin's Labour-left coalition, with its commitment to advance the peace talks, was widely seen in the Arab world, in Europe and in the international community generally as a welcome relief from the uncompromising rule of the right-wing Likud party which went before it.

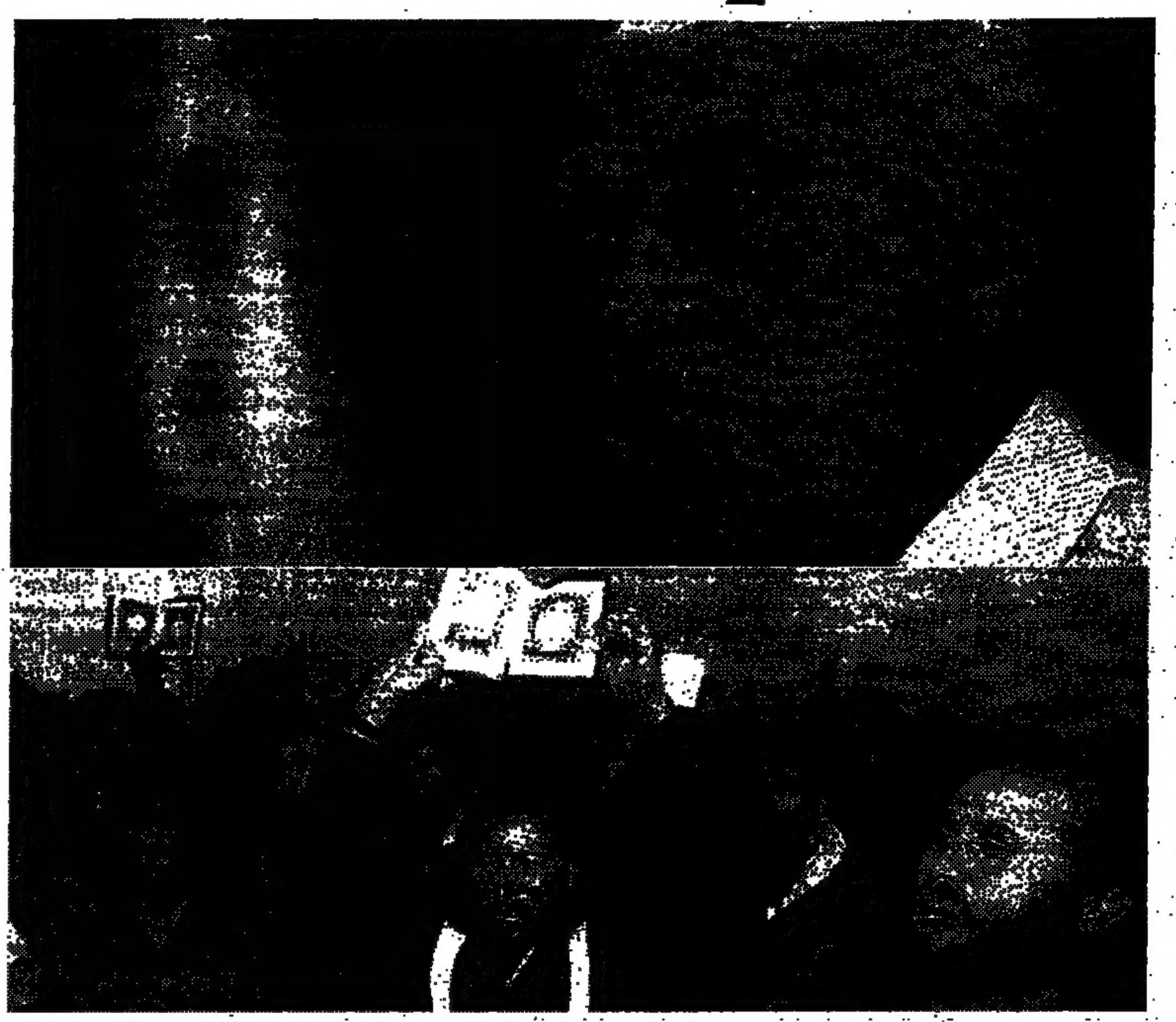
Now, however, by deporting by far the greatest number of Palestinians from the West Bank and Gaza Strip to be expelled at once since the occupation began in 1967, Mr Rabin has outstripped the toughest punitive measures taken by Likud's former prime ministers, Mr Yitzhak Shamir and Mr Menachem Begin.

Previously, 66 Palestinians had been expelled in the past five years of the *intifada*, or uprising, in the occupied territories, an action widely condemned internationally as a breach of the fourth Geneva Convention governing the conduct of occupation authorities. But Israel does not recognise the convention in the West Bank and Gaza.

On Wednesday night, about 410 prisoners were bound, blindfolded, loaded on buses and driven to the Lebanese border. With the action veiled in military censorship, civil rights lawyers had to rouse High Court judges from their beds in a desperate attempt to stop it.

There was a temporary injunction. But eventually the High Court ruled that the government could carry out the expulsions, which will last up to two years, without giving the deportees – whose names were not even requested by the judges – the right to prior appeal.

After about 24 hours confined in their buses, the deportees were given some money, food and a blanket and dumped into no-man's land in south Lebanon between the area controlled by Israeli forces and the areas controlled by the Lebanese army. The Lebanese authorities refused to accept them, but witnesses claimed Israeli forces had fired shots over their heads to prevent them walking back into Israeli-controlled territory. Yesterday they remained in a rain-lashed limbo, hoping the Red Cross would come to their aid.



A blow to peace talks: Yitzhak Rabin, above, and some of the 400-plus Palestinians expelled from Israel this week

Why did Mr Rabin, who continues to advocate a peace settlement based on Israeli withdrawal from occupied land, take such a step? Why, too, did the ministers of Meretz, Labour's left-liberal coalition partner, defy their party's long-standing opposition to deportation and support the decision?

Part of the answer lies in the spate of violence in recent weeks in which Qassam, the military wing of Hamas, stepped up the use of arms against the security forces with an intensity not seen so far during the *intifada*. Qassam has killed six soldiers this month – including a border policeman kidnapped against a demand that Israel release Sheikh Ahmed Yassin, the jailed Hamas leader. Previously, fewer than 20 soldiers had died in the *intifada*.

The government and the army were anxious quickly to suppress this development. There was some pressure from the right-wing opposition and the public to react forcefully, but Mr Rabin seemed to need little prompting. He has a long record of uncompromising actions against unrest. Since he took office in July, the number of fatal shootings by soldiers in the territories has increased markedly.

But both Labour and Meretz leaders admit the action will not eradicate Hamas-inspired violence. In fact they are braced for an outburst of anger in the territories. They appear convinced, however, that the deportations will be understood as a necessary means to undercut the growing influence of Islamic fundamentalists who oppose the peace talks and, indeed, the existence of Israel. With an eye on tough anti-fundamentalist policies in Egypt, Jordan and Algeria, they think Arab leaders, including the Palestine Liberation Organisation, will privately applaud.

"This is the only way to win the battle for peace," said a close associate of Mr Rabin. "The Palestinian negotiators are afraid of Hamas – that is why they are avoiding making progress in the talks. We have to eliminate this fear to have peace in the region." The deportations were deliberately timed to coincide with a likely two-month hiatus in the talks while the new American administration takes over. Mr Rabin believes the PLO will return to the negotiations. "We have no doubts about that," an aide said.

But pro-PLO leaders in the West Bank are aghast at this argument. "If that is how they think, then I am really shocked," said Mr Sari Nusseibeh, a senior adviser to the Palestinian delegation. "What they have done to Hamas will undoubtedly strengthen its position in the territories. I think there will be every reason now for those against the peace process to argue cogently for their position. Public faith in the talks was already wearing extremely thin. Now I am sure the majority would be against continuing. It puts a great burden on the [PLO] leadership."

The circumstances are all the more difficult for the PLO because of Israel's refusal to allow it to play a direct role in the negotiations. Overt PLO members and Palestinians from outside the occupied territories are not allowed to be members of the Palestinian delegation. Nor does the PLO have a direct dialogue with the US. Without these, the PLO leadership's room to manoeuvre is limited.

Ministers from the Meretz party have sought to justify their support for the action against Hamas, by saying it amounted to an explicit acknowledgement by the Israeli government that it is happy to negotiate with the PLO. To date, Mr Rabin has turned a blind eye to close co-ordination between Mr Yasser Arafat, the PLO leader, his top officials and the delegation in Washington. But he has repeatedly ruled out direct PLO involvement.

Where, then, do things go from here? In a statement from its Tunis headquarters, the PLO said it would abandon the talks unless the deportations were reversed. When the eighth round of talks in Washington ended on Thursday, no date was set for a resumption.

But the process is not necessarily doomed. Significantly, the other Arab parties to the talks, while bitterly condemning the Israeli action and cutting short the last day of negotiations, reserved their positions. Mr Mouwafak al-Allaf, Syria's chief negotiator, said at the White House: "We are not boycotting the peace process."

The events of the past week – and the gloomy prognostications which went before – have tended to obscure the fact that, for all the slow progress of the talks, the participants still have a greater interest in pursuing a negotiated settlement than abandoning it. Neither Israel nor Syria, for example, can seriously contemplate another war over the disputed Golan Heights; both need to cement relationships with the US and Europe, which insist on a continuation of the talks, for strategic and economic reasons.

King Hussein of Jordan makes no secret of his desire to achieve an agreement. The Palestinians are more inclined to think that no deal is better than an agreement which falls well short of their aim of an independent state. But most senior Palestinians still worry that failure to secure a foothold now may mean their aspirations remain forever in the realm of dreams.

Some progress has been made in the Israeli-Palestinian talks towards an agreement on the interim period of self-government in the West Bank and Gaza Strip which is planned to precede talks on a final settlement of the territories' status.

Jordan and Israel have virtually agreed the format for a peace agreement between them. Syria and Israel remain far apart on Syria's demand for a complete Israeli withdrawal from the Golan Heights, but they have agreed formulas on the need for mutual security provisions. Only the Lebanese-Israeli talks have gone nowhere.

Yesterday in Israel, there was press speculation that Mr Rabin may soon move to widen his coalition to include two small right-wing parties. But even if that happens, Labour will stay the dominant partner. Mr Rabin's declared willingness to undertake significant withdrawal from the Golan, the West Bank and Gaza is still very different from the outright rejection of territorial compromise of the Likud.

Nevertheless, in the Middle East reason can all too easily be supplanted by miscalculation fuelled by decades of hatred and conflict. Much now depends on the ability of the incoming Clinton administration to persuade, pressurise and coax the participants into returning to the negotiating table. Otherwise, the window of opportunity in the region that President Bush levered open could slam shut before the warming of spring.

MAN IN THE NEWS: ***Umberto Bossi***

The coarse Mr Clean

Only one politician seems to be enjoying himself these days in Italy – Umberto Bossi, the gravel-voiced leader of the Lombard League.

While Italy's traditional parties, overwhelmed by corruption scandals, are searching for ways of reforming themselves, Mr Bossi has found a winning formula. Mining the rich seam of anti-Rome sentiment in northern Italy, and mixing this with populism and moralism, he has converted the League into the most remarkable political phenomenon in Europe.

The results of this week's partial municipal elections have confirmed that he now heads the biggest party in the north of the country and can muster the second largest number of votes nationwide. Although Mr Bossi founded the League in 1984, it has only burst on to the political scene in the past year.

"We are the great iceberg floating amid absurd little groupings," he said this week with a flourish of customary hyperbole. "The Socialists have become as significant as a mere telephone prefix and the Christian Democrats have been saved only by the Church."

Part of the League's good showing, as well as its earlier success in the April general elections, has been due to a protest vote against Italy's unworkable political system and to the discredit of the traditional parties such as the Christian Democrats and Socialists. The League is untainted by corruption because it has not experienced power at either local or national level.

Nonetheless, Mr Bossi's success in achieving a third of the northern vote is a striking achievement in such a short time. All the more so, since Mr Bossi is politically inexperienced, his movement has very little money, and it has been treated with hostility by the political establishment and the bulk of the media.

The enmity towards Mr Bossi is understandable. In his wilder statements, he advocates a dangerous northern separatism, which sends shivers down the spines of leading editorialists. His party offices are full of posters boldly stating "Republic of the North". At gatherings, the League sells its own currency as provocative souvenirs, and Mr Bossi has on one occasion called on his supporters to boycott purchase of the Treasury bills that finance Italy's huge debt.

He has nothing but contempt for the Rome politicians, whom he dismisses as "all robbers". Once asked about his wealth, he said he gave half his senator's pay to the League, adding: "As for my bank account, it is as empty as a Rome politician's head."

In appearance and behaviour he is the antithesis of the smooth Rome politicians. His suits are always rumpled and his hair unkempt. Even by Italian standards, he is unpunctual. He says what he thinks in crude language peppered with dialect from his native Varese – his advisers have told him to tone down his coarser comments.

Yet in the north he speaks to a genuine constituency – the artisans, the factory workers, the small businessmen and shopkeepers who work hard, care little about ideology and are incensed by the poor deal the wealth-earning north gets from the state and by the corrupt political class. He is one of the first generation of northerners to enjoy higher education.

His father was a textile worker, his mother of peasant stock who became a concierge when the family moved to Milan. By all accounts he was an indifferent student, failing to complete his medical studies. Folklore has it that, to impress his first wife, he claimed to have a medical degree and pretended to visit imaginary patients.

After separating from his wife, in 1982 he met his present companion, Manuela Marrone, while both were attending a night-school course on Varese dialect. They have two children. His political activism began at this time, stirred by a mixture of ambition and a desire to dig into the past for "Lombard" roots – the League's symbol is a 12th-century warrior with raised sword, who rallied the Lombard communes against the invading army of Emperor Frederick Barbarossa.

Having become the League's first senator in the 1987 general elections, his vision of the north fending off the predatory demands of central government was not taken seriously by his opponents until less than two years ago. His message remains simple: Rome and southern Italy cannot live off the earnings of the north, and the political system must become more federal. The north, he believes, has no alternative but to press for separatism, moving "closer to Europe and further from Rome". He talks of three federal units with wide autonomy existing within one state, Italy.

Part of Mr Bossi's philosophy is akin to the spirit of Scottish nationalism; part contains elements of the extreme right of the Le Pen type in France. But much is simply protest against the system, which broadens his appeal because it places him and the movement outside an easy ideological classification.

Mr Bossi's main challenge now is to demonstrate he can convert the League into a party that will last. He must also decide whether the League is to remain a northern phenomenon or become a national party, either through a countrywide organisation or via alliances with other groupings.

Although he likes to play the peasant who has taken over the farm, Mr Bossi has begun to acquire some sophistication and awareness of his responsibilities. This week he surprised opponents by coming out against early elections, saying the Amato government should continue in office. To force a government crisis now would merely bring down the whole political edifice, he said.

His threat of separatism has to be taken with a pinch of salt. The League constituency comprises pragmatic, solid citizens who vote with their hands on their wallets and feet on the ground. Breaking away from the rest of Italy would be a leap into the unknown, which few countenance at heart. Mr Bossi himself uses the threat of separatism like a nuclear deterrent to bolster his bargaining power with Rome. And no one has yet called his bluff.

Robert Graham

Tesco goes shopping in France

Guy de Jonquières examines the purchase of a continental retailer by the UK supermarket chain

The experience of British retailers which have acquired abroad in recent years has followed a dismally familiar pattern. All too often, the initial exhilaration which accompanied the deals has been abruptly punctured by a series of nasty surprises, to the prolonged chagrin of the acquirers and their shareholders.

So when Tesco, the UK's second-largest supermarket chain, announced yesterday that it was moving into continental Europe by buying Catteau, a family-controlled retailer in northern France, the immediate reaction in the City was restrained enthusiasm. The first question on many lips was: "Does Tesco know what it's getting into?"

By the end of the day, the company appeared to have reassured most observers that the acquisition made reasonable sense. However, unresolved questions remain about what Tesco's continental foray says about its underlying strategy at a time of growing doubts about the health of its UK business.

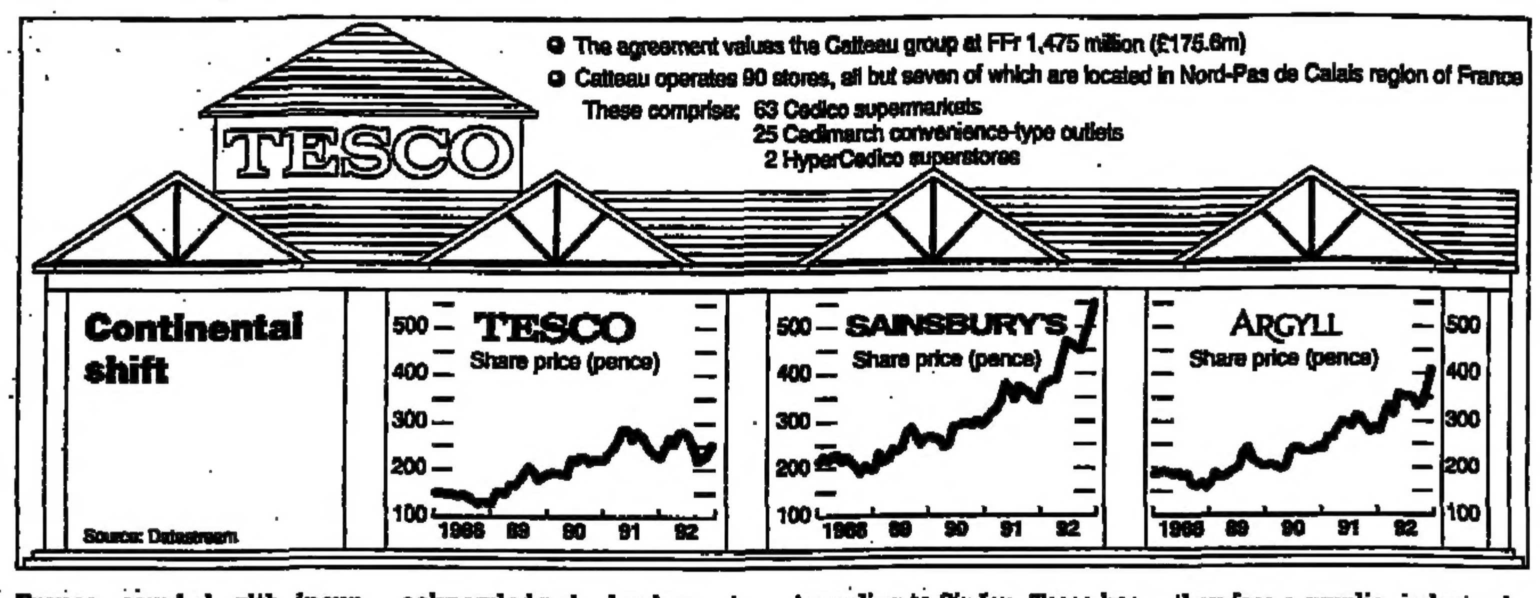
Though Tesco is the first large British food supermarket to establish a bridgehead across the channel, its move is in line with a growing trend elsewhere in Europe. In the past few years many continental chains have begun to expand across borders in search of fresh markets.

As a result of acquisition or greenfield investment, leading groups such as Ahold of the Netherlands, Aldi and Tengelmann of Germany and Promodès and Carrefour of France today all have 30 per cent or more of their sales in other European markets.

By this measure, Tesco's initiative is exceedingly modest. Catteau's annual sales of £341m last year were a tiny fraction of Tesco's £7.1bn turnover, while the £150m to be paid for 85 per cent of the French group is a sixth of Tesco's investments in UK stores this year. "It's a toehold in Europe, which offers a test bed and a learning experience. There are no great risks involved," Sir Ian MacLaurin, Tesco's chairman, put it yesterday.

Catteau operates a mixture of 90 convenience stores, supermarkets and hypermarkets, mostly in the Nord-Pas de Calais region. In a country notorious for fierce price-cutting and wafer-thin retail margins, it appears exceptionally profitable. Its operating margin of more than 5 per cent last year is double that of many larger supermarket groups. The explanation given is a strong regional franchise, combined with keen pricing and tight cost controls.

Nonetheless, the growth of national supermarket chains in France, coupled with incursions by foreign newcomers such as Aldi, have raised questions about the future of regional groups, some of which have already gone to the wall. "The Catteau family decided to sell because they looked ahead and recognised that in the longer term, they would need an ally," says Mr David Reid, Tesco's finance director.



Catteau will continue under its present management but will benefit from access to its new parent's expertise in distribution, marketing and product innovation – areas in which UK supermarkets are acknowledged leaders in Europe. There are also modest plans for the French group to expand its geographic coverage.

For Tesco, which will have four directors on Catteau's board, the main advantage of the deal will be the opportunity to gain practical experience in an unfamiliar market. "Over the next months and years, we will get to know how a French retailer works," says Sir Ian.

The big questions are what Tesco will do with this knowledge – and why the company wants it in the first place. According to Sir Ian, Tesco has been studying opportunities overseas for the past five years. After considering the US, he said, "we favour the European route". However, he would not be drawn on the likely timing or direction of Tesco's next step.

There are potential advantages to be gained from a more-trans-European approach. Though leading supermarket chains across northern Europe have grown steadily stronger in their home markets in the past 20 years, they face a supplier industry in which the biggest brands are increasingly concentrated in the hands of multinational manufacturers such as Nestlé, Philip Morris, Procter & Gamble and Unilever. One reason why retailers have expanded across borders in recent years has been to match these companies' scale economies and bargaining power.

However, there is one vital distinction between British food retailers and their continental counterparts: profitability. While thin margins at home have been an important factor driving some French and German groups to venture outside their home markets, those earned by the leading UK chains have long been the envy of the rest of Europe.

As Mr Richard Hyman of Verdict, a retailing market research firm, puts it: "In food, it is no coincidence that much of the European interest has consisted of continentals eyeing the UK market. Expansion in the other direction has always looked much less attractive." Indeed, J Sainsbury has long ruled out expansion on the continent, preferring to focus on the US.

How far the skills which have enabled UK supermarkets to achieve high margins at home can be transferred across frontiers is an open question. Certainly, their experience in the US does not offer much encouraging evidence. The least that can be said is that finding the answer is likely to be a lengthy process, which will require substantial investments of resources and management time.

So what is Tesco up to? To some observers, the significance of yesterday's announcement lay more in what it implied about conditions on this side of the Channel than about future opportunities in France. "It focused attention once again on Tesco's UK growth prospects," said Mr Nick Bubb, retailing analyst with investment bank Morgan Stanley.

These have recently been the source of growing debate in the City, where the company's price-earnings ratio stands at a substantial discount to those of Sainsbury and Argyll. Some observers believe that it is under more pressure than its big rivals, and that its huge investments in new superstores may be running into a problem of diminishing returns. Tesco's marketing effort is also compared unfavourably by some critics with that of Sainsbury.

Sir Ian stoutly rejects such suggestions, insisting that Tesco has plenty of room left to grow by launching new store formats and capturing market share from weaker competitors. However, the improved results yesterday from Asda, until recently one of the most vulnerable supermarket chains, suggests that market share gains may be becoming harder to achieve.

A proper judgment on Tesco's performance may have to wait until after the end of the recession. But until the questions hanging over the company's prospects are resolved, opinions are likely to remain divided. To some, its continental shopping expedition marks the start of a bold expansion phase; to others, it is a defensive response to difficult conditions at home.

Building societies face competition, says Philip Coggan

New bait to lure savers

For years, UK savers have been wedded to their building societies. Interest rates have been high, investment has been simple and they have had little reason to move their money elsewhere.

All that may be about to change. With gross returns in most building society accounts now at about 6-7 per cent, those who live off their savings have seen their income fall by half in the past two years.

Savers have started to notice. In November, the building societies suffered a net outflow of retail funds, to the tune of £187m. Over the year as a whole, the inflow has been just £178m, compared with £5.8bn in 1991.

The rest of the UK savings industry thus has an historic opportunity to attract investors. The US market has shown the way. As short-term savings rates have fallen to about 3 per cent, US investors have been switching out of cash and into bonds and equities.

UK investors have traditionally been rather less sophisticated than their US counterparts. But new types of financial products may be able to persuade Britons to move some of the approximately £330bn they currently hold on deposit.

Societies are struggling to attract savers while at the same time stimulating the much-needed revival in the housing market through reduced mortgage rates. Mr Mark Boleat, director-general of the Building Societies Association, said yesterday: "The potential competition from longer-term investment products means that building society savings rates are close to their effective floor."

There have already been signs that investors are prepared to shift.

● National Savings proved so successful in attracting funds through its new First Option Bond earlier this year that the building societies mounted a successful campaign to force the government department to cut rates on the bond in July.

● Insurance companies have had considerable success in marketing "with-profits bonds" as a half-way house between the building society and shares – the Prudential sold £350m of its "Prudence bond" in the first half of this year.

With-profits bonds have been so popular that some companies have stopped selling them, because their reserves have not been adequate to back more policy sales.

● There has been a revival of private investor interest in the gilts market, where long-term yields are now about 8.5 to 9 per cent. Long gilts now offer a higher income than an instant access account for the first time in several years.

● ● Enthusiasm for bonds has spread to the unit trust market. The UK bond fund sector has traditionally been tiny, but the recent falls in interest rates and the prospect of low inflation has made such funds seem attractive – Mercury Asset Management's Global Bond Fund, launched in early 1991, has already attracted about £200m.

But what really interests the savings industry is whether the cautious British investor can be lured into equities.

Privatisations have increased the number of individual shareholders to about 9.26m, compared with 3m in 1979, but failed to entrench the habit. Figures from ProShare, the organisation which promotes wider share ownership, showed only 200,000 of those who bought shares in privatisations have moved on to purchase other equities.

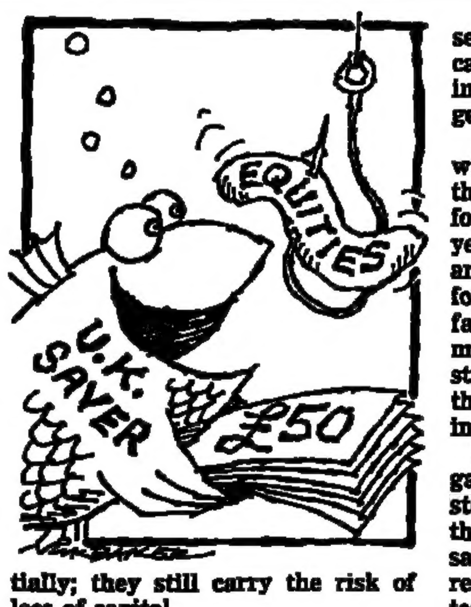
Unit trusts were seen in the early 1980s as an ideal way for many people to enter the equity market – since they offer a diversified portfolio to those with small sums. Sadly, many investors only bought trusts at the top of the market in the summer of 1987, only to suffer losses in the October 1987 crash.

But the clouds may be lifting at last. The personal equity plan (PEPs), a tax shelter created to encourage wider share ownership, has grown increasingly popular. All income and capital gains within a PEP are free of tax.

This year's Budget relaxed the rules so that existing unit and investment trusts qualified for the full £6,000 PEP limit. With equities yielding about 4.5 per cent, a top rate taxpayer can now get a higher net return from a PEP than from many building society accounts.

The tax-free label helped third quarter sales of unit trust PEPs more than double year-on-year to £319m, while overall sales of unit trusts fell.

But PEPs are unlikely to widen the market for equities substantially; they still carry the risk of loss of capital.



This is where a new breed of savings product may have the answer – the guaranteed equity scheme. These normally offer investors the rise in a stock market index, or their money back. This is usually achieved by investing the bulk of the fund in fixed interest securities (which grow to repay the capital) and the remainder invested in equity options and futures (to get the exposure to share prices).

The products are not entirely without flaws; few pay income; they require investors to subscribe for a fixed period (normally five years) for the guarantee to apply; and the guarantee does not allow for the effect of inflation. Recent falls in interest rates may also make it more difficult for these structures to work, since more of the fund must be invested in fixed interest and less in options.

Nevertheless, the marketing slogan for guaranteed products – stock market investment without the risk – has proved attractive to savers. Midland Bank, for example, recently raised £40m for a guaranteed equity bond in four weeks.

The guaranteed market is still developing. But if a financial services group can come up with the right equity-based product, many UK savers might be persuaded, if not to lose all love for building societies, at least to opt for a trial separation.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Less costly treatment of arthritis

From R E Gutch.

Sir, I was somewhat puzzled by your editorial, "Health reforms" (December 15). Your first paragraphs appear to confirm what we know, that people with the severe pain of arthritis have to wait too long for all kinds of treatment. Yet in paragraph four you suddenly conjure up "excess capacity" in the "world-famous hospitals" in London!

There is no excess capacity for the treatment of arthritis in London or elsewhere; there is only a shortage of money to pay for it. If the needs of people with arthritis for earlier diagnosis and prompt and efficient treatment were met, the results in the long term would be less costly surgery and fewer people with severe, and therefore costly, disabilities. Surely the government and health authorities should be taking a long-term view?

R E Gutch,
chief executive,
Arthritis Care,
18 Stephenson Way,
London NW1

Special interest lobbies given too much weight in trade talks

From Mr Stephen Locke.

Sir, It is interesting to read from your articles (World Trade News, December 11 and 15) that "consumer, citizen and environmental groups" have been protesting about the Uruguay Round and the prospects for a Multilateral Trade Organisation.

We, too, have been critical of the General Agreement on Tariffs and Trade negotiations, but for precisely the opposite reason to that given in your report – because there has been far too much foot-dragging and far too much weight given to protectionist special interest lobbies.

A number of question marks remain over the detailed operation of any future MTO but these are completely dwarfed by the issues of the Gatt round as a whole. Consumers have everything to fear from a collapse of Gatt negotiations, and everything to gain from their success, which should help to bring about increased competition, choice and value for money in most product markets, as well as hopes for an earlier end to the world recession.

Consumers' organisations in the UK are joined in this view by many counterparts overseas, under the umbrella of the International Organisation of Consumer Unions which represents 170 consumer organisations in more than 60 countries.

The Gatt will not solve everything – big issues to be dealt with once the round is complete will include the link between trade and environmental policy, and the development of worldwide rules for competition policy.

But the trade war that would follow any failure to complete the Gatt would obscure, rather than enlighten, these fundamental issues and ensure that they never get tackled.

Stephen Locke,
Consumers' Association,
2 Marylebone Road,
London NW1 4DX

Too staid for coded clue

Sir, Until I saw the letters column of December 15 I had innocently assumed that David Cannadine's article ("The Royal dilemma that won't go away", December 12) was a leg pull by your admirable crossword editor.

It seemed to be a coded clue: *Contributor is one canned and avid colonial* (5,9) – [David Cannadine].

As a reader of 50 years' standing I should have realised you are much too staid to include first year undergraduate humour; at least by intention, even if execution goes awry every decade or so.

R E Hurst,
20 Esk Gardens,
Wetherby, W Yorkshire

Do what I say, not what I do

From Mr David Edwards.

Sir, Before the UK joined the European Economic Community, I sat next to a Swiss businessman on a flight from Bangkok to Tehran.

I endured a long lecture from him on how Britain would benefit by joining the Community.

When he paused for breath I asked him why, if the benefits were so great, Switzerland was not yet an enthusiastic member.

He turned to me with a look of amazement and cried, "We're Swiss. We would never be fools enough to put our fate in the hands of such a crazy gang."

Bristling with outraged indignation he turned his back on me.

I still think he knew a thing or two.

David Edwards,
Shenley,
The Drive,
Woking,
Surrey GU2 0JS

Time to consider giving rather than just having a chuckle

From Ms Cheryl St Clair.

Sir, I was somewhat dismayed by the article in the Observer column ("Unseated", December 15) relating to the Barbican's donations to Providence Row. While it has a certain amusement value, it trivialises the true situation, which is a tragic one.

The Barbican's director, Baroness O'Cathain, is helping Providence Row in a personal capacity, to raise funds for improved facilities currently under construction. Our work is needed now more than ever, as is demonstrated by the numbers we have to turn away, because we are full up and our resources are overstretched.

Thanks to the Barbican we can at least provide adequate outdoor clothing to help protect those people who every night have literally nowhere to go.

Rather than chuckle over the bizarre items of lost property mentioned by Observer, perhaps your readers might be encouraged to donate funds directly to Providence Row in order that we can complete our new buildings on schedule.

Cheryl St Clair,
director,
Providence Row,
50 Crispin Street,
London E1 6HQ

Environment not always harmed by making paper from pulp

From Mr Tim Baynes.

Sir, At last a more reasoned approach to paper manufacture and the environment (Survey of Pulp and Paper – "The green conundrum", December 14). May I comment on just three points? First, most of the timber used for paper manufacture comes from thinnings, so is a waste product of an environmentally beneficial process planting and growing trees.

Second, although there is genuine cause for alarm at the short-term exploitative forest activities overseas, here in the UK due regard is now paid to the interaction with fauna and flora.

Finally, if from January 1 1993 no more trees were cut down to make paper or board and most paper and board products were recycled every month, by April production would only satisfy half the world consumption and not a single sheet would be available by the summer.

It is our judgment that paper from virgin pulp is good for the environment and should take its place alongside recycled paper on the shelf.

Tim Baynes,
investment manager,
Tilhill Economic Forestry,
Little Haseley,
Oxford

Better for British Gas shareholders to spin out transportation

From Alan R Marshall.

Sir, In the light of the strong views put forward by Ofgas on the structure of British Gas in the UK, I would like to add my views as a big user of the services provided by British Gas's transportation arm. Agas was the first company to be formed in the newly competitive industrial and commercial gas market in 1987. It needed direction from Ofgas for us to secure transportation rights from British Gas in 1988 but since 1990 we have found a developing spirit of co-operation with them.

We have previously argued that a separate transportation operation within British Gas was all that was needed to help develop the services to all the new entrants in this rapidly developing market.

Now, however, with several more years' experience we believe that it is in the interests of British Gas shareholders, the users of the system, and gas consumers to have a completely new and independent company running the business.

Our reasons are as follows:

● British Gas shareholders will unlock value through a separation because the share price is currently being held back by the integrated nature of the business, the frequent public disputes with Ofgas, and the recurrence of government and quasi-government reviews.

● All users of the transportation and storage system, including the marketing arm of British Gas, will be treated equally and this will be demonstrable.

● A range of commercial services – eg, timely meter reading, flexible portfolio management facilities – will be likely to be developed in a company in which the sole business focus is on services. This will give customers greater flexibility and maximise the value of the asset to its owners.

● Transparency of asset values, costs and returns to shareholders will be available which will remove the antagonism created by the current lack of information available in this area and remove any suspicions of cross-subsidy from the rate of return argument.

● Customers will benefit through lower prices as a result of the more efficient management of the system and the provision of a wider range of services.

Alan R Marshall,
managing director,
Associates Gas Supplies,
59 Markham Street,
London SW3 3NR

Banks give Isosceles time for refinancing

By Maggie Urry

AFTER A meeting of Isosceles' lenders and shareholders a standstill agreement between the heavily indebted company, which owns the Gateway food retail group, and its banks is expected to be signed before Christmas.

The standstill would give the group, which has debt of £1.3bn, time to complete a refinancing designed to give it a suitable financial structure. This is likely to involve swapping a large part of the debt into equity.

Without a standstill, allowing Isosceles not to pay interest or make capital repayments of its debt, the group could go into receivership.

The problem has become more pressing as suppliers were nervous about giving Gateway credit. Some suggested that they would not deliver stock for the Christmas trading week without reassurance from the group's bankers.

One supplier said "frankly we were all getting rather worried" but added that with a standstill in place suppliers would be more relaxed.

It is also likely that Mr Alistair Mitchell-Innes, chief executive of Isosceles and Gateway, will leave the group within the next two weeks. He only took on the role at Gateway in October when Mr Bob Willett resigned. Headhunters have already started the search for another chief executive.

The group's 38 banks, chaired by Midland Bank, which took over that role from SG Warburg three weeks ago, met on Thursday at the offices of Hill Samuel, the merchant bank which was appointed to advise the company last month. The meeting lasted until midnight.

The mood of the meeting was said to be more pragmatic and constructive, with shareholders accepting the need for dilution of their equity. Wasserstein Perella, the New York firm which holds 30 per cent of Isosceles' shares in its buy-out fund, is said now to accept that its stake will be diluted.

Many of the group's equity holders have already written off their investments, although Wasserstein Perella has yet to do so. Last week 3i, the venture capital group, wrote down its £28m mezzanine investment in Isosceles too. Other mezzanine lenders are likely to follow.

The standstill will give Isosceles, formed in 1989 through a £2.1bn takeover, time to review its trading strategy with Coopers & Lybrand, the management consultant which has already started work.

Isosceles has already had two refinancings. The first, completed at Christmas 1990, added £150m of equity to the £200m put in originally. A further £67m of equity was provided through the conversion of part of the £375m mezzanine debt.

This summer a second restructuring allowed deferral of £48m of mezzanine interest, the conversion of preference shares into ordinary shares, and the resetting of the banks' covenants.

Canadian investor builds 3.6% stake in Amstrad

By Paul Taylor

A CANADIAN investment company has built up a 3.57 per cent shareholding in Amstrad, the consumer electronics group, following holders rejection of a 30p per share buy back bid from Mr Alan Sugar, the founder and chairman, earlier this month.

Amstrad said yesterday that it was informed at the start of September that Peter Cundill, which manages two Bermuda mutual funds, held 13.41m shares, or a 2.31 per cent equity stake, in the group in its capacity as investment manager on behalf of eight institutional accounts under its management.

On Thursday the investment company told Amstrad that it had increased its shareholding to 20.75m shares on behalf of the eight managed accounts. Mr Sugar holds a personal 35 per cent equity stake in Amstrad and had sought to take the company private again with an unsuccessful £113m buy-back bid.

Two other Amstrad directors sold their equity stakes in the company earlier this week for 23½p a share. The shares closed ½p lower at 24p yesterday.

Cundill has built a reputation as a shrewd investor in difficult stocks on both sides of the Atlantic.

Among its recent and most prominent investments in the UK, the company holds a large preference share stake in TVS Entertainment, the southern TV broadcaster which loses its franchise on January 1.

TVS is seeking shareholder approval for a takeover bid by US-based International Family Entertainment, which is controlled by Mr Pat Robertson, the television evangelist. Cundill, with more than a 15 per cent preference share stake, has opposed the deal.

Cundill also emerged as a shareholder in Henlys Group, the motor trader and bus and coach builder, during T Cowie's £32.1m unsuccessful hostile bid in September.

Recovery plan lifts Asda to £55m

By Neil Buckley

ASDA, the grocery chain, yesterday showed that it was starting to reap the benefits of the three-year recovery programme introduced by its new management with the announcement of sharp improvement in interim profits.

Before exceptionals, the profit of £46.1m for the 28 weeks to November 14 beat all analysts' forecasts. For the same period of the previous year pre-exceptional profits amounted to £10.1m.

Exceptional gains this time of £8.7m (provisions £78.9m) raised profits at the pre-tax level to £54.8m (losses £68.8m). Asda also booked an extraordinary gain of £69.1m from the sale of its stake in MFI, the furniture retailer.

The pre-tax figure compared with analysts' forecasts which averaged about £35m. The shares rose 7½p to 61p.

Analysts had expected much of the rise to be accounted for by a reduced interest bill following the company's £357m rights issue in October 1991, and other actions to cut debt. But the difference between forecasts and the actual figures was largely due to a better-than-expected operating profit for the Asda stores.

"It would appear that some professional managers have taken hold of the business and are knocking it into shape," said Mr Bill Myers, food retailing analyst at brokers Henderson Crosthwaite. However, Mr Myers believed Asda needed to do more than it was planning to enhance value for shareholders and has suggested a rights issue is necessary to fund a widespread refit of its core stores and boost sales.

Group turnover rose to £2.35bn (£2.3bn), and group operating profit for the 28 weeks improved to £79.9m (£74m). That reflected increased operating profits in the Asda stores division, to £91.9m (£84m), and a small reduction in the operating loss in the Allied Maples carpet and furniture stores division to £11.9m (£13.2m).

Mr Archie Norman, chief executive, said like-for-like sales growth for the Asda stores was significantly above the industry average, although sales at Allied Maples continued to suffer owing to the stagnant housing market and lack of consumer confidence.

Another encouraging sign was a reduction in borrowings from £677.8m in May to £471.6m, bringing gearing down from 61 per cent to 39 per cent.

Earnings per share were 2.01p (losses 5.71p). The interim

Archie Norman: growth in Asda stores above industry average

dividend is being cut to 0.5p (1.25p) – a figure which disappointed some analysts. But Mr Norman said this reflected the company's plan to have the dividend twice covered by earnings.

He said three months of "tough negotiation" had resulted in a new £300m syndicated bank facility, with softer covenants, more competitive interest rates and involving fewer banks.

"That is an important move forward and gives us the green light to go ahead with our plan over the next three years," he said.

See Lex

L&P staves off deb default

By Richard Waters

A RARE default in the debenture market was staved off yesterday when London & Provincial Shop, the troubled property group, announced that it had reached agreement with the trustees to the debenture.

However, the company still faces the possibility of a default early next month when a £6.75m interest payment falls due on its debentures. Holders of only two secured bond issues are thought to have lost money after defaults in the past 25 years.

Law Debenture, trustee to the £135m of bonds, had written to London & Provincial alleging a breach of covenant two weeks ago. This concerned the sale in 1990 of a property which had been charged to the debenture holders, which Law Debenture said was conducted without proper consultation with the bond holders.

The company announced yesterday that it had deposited £1m with Law Debenture, representing the present market value of the property, although it continued to insist that it had acted in accordance with the covenants when it made the sale.

Although the security backing the bonds has fallen well below the 1.5 multiple required in another covenant, this cannot lead to a formal default for at least six months, to allow the company time to make good the deficit.

A further danger of breach of covenant comes on May 6, when the next half-yearly interest falls due on the debentures.

Sutcliffe Speakman keeps up momentum as loss falls

By Matthew Curtin

SUTCLIFFE Speakman, the carbon filter and environmental protection systems group rescued from bankruptcy early last year, continued its strong recovery in the six months ended September 30, but failed to make it back to profit.

Pre-tax losses fell from £1.8m to £560,000, on lower turnover of £13m (£14.6m).

Operating losses were reduced to £235,000 (£842,000) and an improving cashflow helped to cut borrowings from £7.07m to £6.2m. Interest charges fell to £338,000 (£624,000). Losses per share were 0.5p (1.6p).

Mr Shaun Mahony, finance director, said the group made an operating profit in the second quarter which was maintained in October and November, despite "poor trading conditions".

There were encouraging signs of economic recovery in the US, where Barnebey & Sutcliffe improved profits and won new orders from the nuclear and water industries.

An increasing contribution from the environmental protection division would benefit second half results with the completion of £5.5m worth of contracts in the UK and US, first announced in July.

Mr Mahony said Sutcliffe had recently restored links with Lanka Carbons. The group will assist Lanka in developing and manufacturing a range of higher-value carbons which would help Sutcliffe restructure its UK and US manufacturing operations.

Jones & Shipman cuts interim loss to £0.98m

By Andrew Baxter

JONES & SHIPMAN, the Leicester-based machine tool company, yesterday announced pre-tax losses down from £2.46m to £981,000 for the half year ended September 30, after making "significant progress" with its new business strategy.

The loss is struck on turnover of £6.27m (£6.71m). Losses per share were down from 17.7p to 8.2p and again there is no interim dividend.

J&S announced in July that it would end the machining of components for its grinding machines and dispose of non-core businesses. Mr Len Weaver, chairman, said yesterday that the new strategy had "yielded improvements in our operating performances".

Good progress had been achieved with the outsourcing of machined components while partnership agreements with high-quality sub-contractors were being carefully negotiated.

The company said in July that the main outcome of the completion of the new strategy would be the halving of its 500-strong workforce. It has already been reducedto 372 and would eventually fall to about 260.

Mr Weaver said J&S had contained its gearing at 44 per cent through control of working capital and the disposal of surplus machinery and plant. A heads of agreement had been signed recently for sale of the engineers' small tools business.

On trading conditions, Mr Weaver said there had been no evidence of positive change in the deep recession engulfing much of manufacturing industry in the UK and overseas. "Although orders on hand are £2.7m compared with £1.9m at the start of the period, the immediate outlook remains uncertain and frustrating."

Mr Weaver said full implementation of the new strategy would place the company in an excellent position.

Baird sells contracting arm for £10m

By Daniel Green

William Baird yesterday sold most of its engineering contracting arm to a rival, Cape, controlled by Charter Consolidated, for £9.5m.

At the same time it announced the purchase from the receiver of the designs and trade marks of Van Gils, a Belgian men's wear label, for £600,000.

The moves are the latest stage in Baird's move away from engineering towards textiles.

"The returns on capital in contracting have not met our expectations," said Mr Andrew Mills-Baker, finance director.

Darchem Contracting had 1991 sales of £37m and operating profits of £0.9m. The businesses sold were the UK and Middle East arms of the company. Baird retains the Darchem name and some activities in Australasia.

Kleen-e-ze returns to profit with £86,000

Kleen-e-ze Holdings, a distributor of consumer products, returned profits of £86,000 pre-tax for the year to end-August compared with previous losses of £1.14m.

The improvement reflected steps taken in prior years to eliminate loss-making activities together with continuing progress in trading conditions. The shares rose 10p to 66p.

Turnover was static at £45.5m.

Exceptional provisions accounted for £377,000 (£153,000) and interest charges for £183,000 (£444,000). Earnings per share emerged at 0.6p (losses 16.73p).

The exceptionals, together with extraordinary debits of £265,000 (£675,000), reflected continuing rationalisation of group activities.

Kleen-e-ze also announced that it had reached agreement for the sale of Molly Housewares for about £950,000.

Acquisition puts New London in $764,000 loss

New London, the UK-quoted oilfield services company, blamed its recent acquisition, International Drilling Fluids, for its fall into pre-tax losses of $764,000 (£503,000) in the six months to September 30, compared with profits of $2.27m.

The company also announced the sale of its US oil and gas properties to a Texas corporation. The net proceeds will be $7m against a book value of $10m. An extraordinary provision of $3.5m has been taken against the sale, leaving the loss for the year of $4.9m (profit $1.14m).

Turnover for the six months was $69.7m ($38.7m), most of the increase being due to IDF. Losses per share came out at 1.4 cents (earnings 1.1 cents).

Losses at Dwyer surge to £6.9m

By Vanessa Houlder, Property Correspondent

DWYER, a property investment company, yesterday announced a pre-tax loss of £6.94m for the year to September 30, compared with a £3.89m deficit the previous year.

Last month Mr Desmond Bloom, chairman and chief executive, resigned to cut the company's overheads. Mr Joey Esfandi and Mr Peter Andrews, director of Winglaw Group which owns 15.5 per cent of Dwyer, became chief executive and property director, respectively. Mr Anthony Kirwan became non-executive chairman.

The increased loss was largely due to a £5.39m exceptional item, which included a £4.78m provision against the falling value of its investment properties.

The results were also depressed by a rise in interest costs from £4.89m to £5.49m which helped offset a rise in operating profits from £3.75m to £3.94m.

During the year, property disposals reduced group borrowings by £6m.

The company's net worth fell to £21.5m, or a net asset value of 83p per share. The loss per share was 24.75p (13.27p). No dividend will be paid.

German licence for Glaxo

By Paul Abrahams

THE GERMAN subsidiary of Glaxo, the UK drugs group, has received a licence to market Imigran, its breakthrough migraine treatment, in Germany, the world's third largest market.

The licence is for both oral and injectable versions of the drug which generated sales of £43m in the year to June 30.

Imigran is one of Glaxo's three new products that have been labelled "blockbusters" – capable of generating more than $1bn income a year.

Glaxo said it would launch the drug as soon as possible in the new year. It declined to detail the drug's price in Germany, but it is likely to be similar to that elsewhere in Europe.

It has been licensed in 32 countries and launched in 22.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Asda ....int	0.5	Apr 2	1.25	-	2.1
Bankers Inv Tst ....fin	0.86	Feb 28	0.8	3.44	3.2
Brunner ....fin	2.65	Apr 8	2.55	5	4.75
Dwyer ....fin	nil	-	nil	nil	1.5
Electric and Gen ....int	1.5	Feb 5	1.5	-	3.1
Kleinwort Chart ....fin	3.75	Apr 8	3.75	5	5

Dividends shown pence per share net except where otherwise stated.
†On increased capital. §USM stock.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	129½	100	BTR Warrants 1997	127	+2	-	-	-	-
§220	F.P.	-	250	231	Critchley Group	248	-2	L6.1	2.2	3.3	17.6
-	F.P.	-	103	100	For. & Col. PEP Inv Tst	102		F3.38	-	4.4	-
100	F.P.	-	99	98	Hoare Govett Smlr Co's	99		-	-	-	-
90	F.P.	-	103	98	Hunters Armley	98		W3.38	2.2	4.6	13.1
-	F.P.	-	35	30	Jos Hldgs Cap.	35	+2	-	-	-	-
-	F.P.	-	92	87	Do Inc.	90		F11.5	-	17.0	-
-	F.P.	-	109½	101	Do. Zero Div Pf	108½		-	-	-	-
165	F.P.	-	183	168	National Express	182		W7.12	1.5	5.2	12.0
-	F.P.	-	1½	1½	‡Prime People Warrants	1½		-	-	-	-
-	F.P.	-	103	95	Second Consolidated	98	+1	-	-	-	-
65	F.P.	-	239	73	Tadpole Technology	179	-7	-	-	-	-
120	F.P.	-	208	157	‡Tepnel Diagnostics	192	+1	-	-	-	-
160	F.P.	-	200	165	Wetherspoon (J D)	200	+2	W4.9	2.6	2.2	16.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	114¼p	104¼p	Bristol Water 8¼pc Pf	114½p	+½
100p	F.P.	-	103p	100½p	Commercial Union 8¾pc Cm Pf	103p	+¼
100	F.P.	-	113	104¼	MFC 7¼pc Cv Bd 2007	111½	+¼
150p	P.P.	-	113pm	98pm	Wassall Non-Int Brg Cv ULS	113pm	+15

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
100	Nil	1/2	27pm	24pm	‡Learmonth & Burchett	27pm	
85	Nil	5/2	¼pm	¼pm	Lonrho	¼pm	
25	P.P.	1/3	20	10	Property Trust	13	-1
240	Nil	27/1	53pm	43pm	Seton Healthcare	53pm	+6
465	Nil	19/12	145pm	120pm	Tibbett & Britten	145pm	

a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. c Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. ‡ Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro forma figures. ‡ Issued by way of rights. r Introduction. § Placing price. rt Reintroduction. ‡ Unlisted securities market. ● Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Dec. 7
- Last Dealings Dec. 18
- Last Declarations March 11
- For settlement March 22

3-month call rate indications are shown on page 9.

Calls in Amber Day, Arcon Res., ASDA, Hammerson Ord., Ibstock Johnsen, Premier Cons., Taunton Cider, Tiphook and Wace. Puts in Redland and Taunton Cider. Doubles in Burton, Mirror Group, Owners Abroad, Premier Cons. and Tarmac.

NEWS DIGEST

Forminster maintains position

FORMINSTER, the clothing manufacturer for mail order and chain stores, has virtually maintained turnover and profit in the six months ended October 31 1992 despite a poor start to the year.

Pre-tax profits amounted to £967,000 compared with £997,000, on turnover of £11.09m (£11.57m).

Mr Ronald Gulliver, chairman, said that the second half was seasonally stronger.

Earnings per share worked through at 22.48p (22.11p) and the interim dividend is 4.04p (3.78p).

Net asset value rises at Brunner

Brunner Investment Trust had a net asset value of 203.13p at November 30 compared with 174.74p a year earlier.

Net revenue for the year amounted to £3.47m (£3.5m), equivalent to earnings per share of 5.43p (5.46p). A final dividend of 2.65p (2.55p) is proposed for an increased total of 5p (4.75p).

Increased loss for United Industries

Losses at United Industries, a maker of precision springs for aerospace, automotive, electrical and engineering applications, edged ahead from £609,000 to £631,000 pre-tax for the six months to October 3.

Turnover totalled £16.14m (£16.53m). Losses per share emerged at 5.23p (1.93p).

Group Development asset value improves

Group Development Capital Trust had a net asset value of 41.1p per share at September 30, against 39.4p at the interim stage and 39.5p a year earlier.

Net revenue for the year amounted to £118,485 (£101,618) for earnings per share ahead to 0.34p (0.33p). The single final dividend is lifted to 0.3p (0.24p).

Trilion shares suspended at 3p

The designation and recording of bargains in Trilion were temporarily suspended yesterday at the company's request pending clarification of its financial position. The shares were suspended at 3p.

The principal activities of the USM-quoted company are the provision of television facilities, the production of television programmes and the provision of services to the corporate communications market.

Offer for Simpsons goes unconditional

Baldwin's offer for Simpsons of Cornhill, owner of the famous City chop house, has been declared unconditional. The holidays, printing and property company has received acceptances in respect of 2.82m shares or 62.8 per cent and 450,000 'A' shares or 75 per cent.

The Baldwin offer is on the basis of 1-for-2 and values Simpsons at £1.68m. It had been accepted by the Simpson board and stockbrokers Raphael Zorn Hemsley representing 54 per cent of the capital.

Electric & General asset value ahead

Net asset value per share of Electric and General Investment Company stood at 161.2p at November 30 against 139.1p a year earlier and 152.6p at the May 31 year end.

Net revenue for the half year amounted to £1.71m (£1.55m) for earnings ahead to 1.89p (1.71p) per share. The interim dividend is being held at 1.5p.

Bankers Investment net assets higher

The Bankers Investment Trust reported net asset value at October 31 of 133.6p, an increase of 8 per cent on the 123.9p of a year earlier.

For the year to the end of October net revenue was £5.69m (£5.38m) for earnings per share of 3.64p (3.44p). A fourth interim of 0.86p has been declared for a total payment of 3.44p, against 3.2p, an increase of 7.5 per cent.

The trust intends paying a total dividend next year of 3.6p.

Sycamore improves 13% to £620,000

Sycamore Holdings, the maker of foundry products, moisture testing equipment, and kitchen and garden furniture, lifted pre-tax profits by 13 per cent, from £549,000 to £620,000, in the year to September 30.

However, Mr Bill Rhodes, chairman, said the results were below directors' expectations and again no dividend is being recommended. Earnings came through at 0.61p (1p) per share.

Turnover jumped to £20.9m (£9.5m) generating operating profits of £1.25m (£654,000). Interest charges took more at £635,000 (£189,000).

Danae net assets little changed

Net asset value per income share of the Danae Investment Trust stood to 51.79p at November 30. That was unchanged on the March 31 year-end figure and marginally down on the 51.97p of 12 months earlier.

Per capital share the figures were 45.48p, 50.76p and 47.29p respectively.

Net revenue for the six months to end-November totalled £229,188 (£239,846), equal earnings of 3.24p (3.39p). The interim dividend is a same-again 3.375p.

Standstill extension at Control Securities

Control Securities, the brewing, hotels and property group negotiating a financial restructuring with its banks, has gained an extension until January 29 to the standstill agreement with its banks first struck at the end of June and extended at intervals.

Kleinwort Charter asset value ahead

At November 30 the net asset value of Kleinwort Charter Investment Trust stood at 191.37p per share, against 172.25p a year earlier.

Net revenue in the 12 months amounted to £4.17m (£4.44m), equivalent to earnings of 5.14p (5.49p) per share. An unchanged final dividend of 3.75p has been proposed for a maintained total of 5p.

Turkey Trust little changed

Net asset value per share of the Turkey Trust amounted to 148.06p at October 31, compared with 155.12p six months earlier and 148.97p at the previous year-end.

After-tax revenue for the 12 months to end-October was little changed at £601,000 (£605,000), equal to earnings of 6.13p (6.19p).

The dividend for the year is maintained at 5p, made up as to a same-again 4p special and a 1p ordinary payment.

Panel insists on bid for Buckingham

The Takeover Panel has ruled that Jemma Trust and Naaz Holdings must make an offer for Buckingham International, the hotels and nursing homes group, under Rule [illegible] code on takeovers and mergers.

The Panel has required a bid of 2.75p per ordinary share and 27.5p for each £1 nominal of stock for the secured convertible loan stock 1995. The bid should be made by the end of February 1993.

On December 7, it ruled that Jemma and Naaz were acting in concert in Buckingham's shares. Naaz is a company owned by a trust of which Mr Nurdin Jivraj, Buckingham deputy chairman, and Mr Nick Jivraj, his son and chief executive, and their families are beneficiaries. A close relation of theirs is beneficiary of a trust run by Jemma.

Naaz owns 29.6 per cent of Buckingham and Jemma 8.6 per cent, together exceeding the 30 per cent level at which a takeover offer becomes mandatory.

Abtrust Preferred asset value declines

Abtrust Preferred Income Investment Trust had a net asset value of 71.55p per income share at November 30 compared with 78.86p a year earlier and 82.38p at the May 31 year end.

Net revenue for the half year was £683,000 (£817,000) for earnings of 7.59p (9.08p) per share.

An unchanged second interim dividend of 2.90625p is declared.

Wassall wins 0.23% Evode ordinary

Wassall, the mini-conglomerate bidding £94.8m in cash for Evode, had won acceptances from only 0.23 per cent of the chemicals and plastics group's ordinary shareholders and 0.33 per cent of its convertible preference holders by the first closing date.

Wassall already owns 3.51 per cent of Evode's shares, bought when it launched the bid last month. The offer has been extended to January [illegible]

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 18.12.92: Pool purchase price £/MWh	Final Prices for Trading on 21.11.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.57	18.80	18.80
0100	29.46	30.77	32.69
0130	29.46	30.77	32.64
0200	29.46	30.77	32.87
0230	27.30	25.25	25.06
0300	22.73	36.00	36.22
0330	22.33	36.00	36.24
0400	17.88	23.12	24.95
0430	17.71	20.03	20.05
0500	17.21	18.32	18.32
0530	17.69	18.45	18.45
0600	17.69	18.44	18.45
0630	17.69	18.45	18.45
0700	17.72	23.48	25.36
0730	17.88	23.43	25.36
0800	17.88	23.43	25.37
0830	22.88	26.78	28.57
0900	22.59	23.43	25.33
0930	23.09	27.38	29.45
1000	23.94	27.39	29.45
1030	22.64	27.39	29.44
1100	23.94	26.78	28.60
1130	23.09	27.39	29.45
1200	22.61	27.39	29.45
1230	22.61	23.63	25.33
1300	22.61	23.04	24.88
1330	22.61	22.62	20.62
1400	18.95	18.46	18.45
1430	19.38	18.32	18.32
1500	19.38	18.28	18.28
1530	19.89	18.28	18.28
1600	20.38	18.46	18.45
1630	23.48	20.80	20.80
1700	23.03	25.66	27.52
1730	26.03	28.37	30.30
1800	26.03	28.57	30.30
1830	23.03	28.37	30.29
1900	28.02	28.37	30.29
1930	23.79	28.30	30.79
2000	23.34	24.36	26.36
2030	23.34	24.36	26.57
2100	23.34	24.83	26.47
2130	20.86	24.44	26.28
2200	19.40	24.44	26.30
2230	19.25	18.40	18.40
2300	17.88	18.21	18.21
2330	17.88	17.98	17.98
2400	17.72	17.98	17.98

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £15.56/MWh becomes 1.556p/KWh. [illegible]

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ECONOMIC DIARY

TODAY: Start of two-day European Community fisheries council meeting in Brussels. Taiwan holds general elections. Mr John Major, prime minister, on private visit to meet Mr George Bush, US president, at Camp David.

TOMORROW: Serbian elections. Laotians go the polls to elect new National Assembly.

MONDAY: Gross domestic product (third quarter) (including analyses of expenditure, income and output components). European Community foreign ministers meet in Brussels. Hungary Czechoslovakia and Poland are expected to sign a free trade agreement that will slash duties on industrial and agricultural goods by January 1 2001.

TUESDAY: Cross-border acquisitions and mergers (third quarter). Balance of payments current account and overseas trade figures (November). International banking statistics (third quarter). US real gross domestic product (final release -third quarter); capital spending (third quarter). Leaders of the Gulf Co-operation Council due to meet in Abu Dhabi for annual summit. Final results from the Chrysalis Group.

WEDNESDAY: Capital expenditure and stockbuilding (third quarter-revised). Institutional investment (third quarter). New construction orders (October-provisional). Personal income, expenditure and saving (third quarter). Industrial and commercial companies (third quarter). US durable goods orders (November); personal income (November). Session of Gatt Uruguay Round trade negotiations committee is expected to agree a political text wrapping up the Round.

THURSDAY: Public hearing on Sagawa scandal at Tokyo district court; former Sagawa executive Hiroyasu Watanabe to sit in court.

FRIDAY: Summit of the Commonwealth of Independent States to be held in Belarus. Turkish parliament votes on 1993 budget bill.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-Actuaries All-Share

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Dec 18 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Dec 17 Index No.	Wed Dec 16 Index No.	Tue Dec 15 Index No.	Year ago (approx) Index No.	1992 High	1992 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (175)	847.27	+2.1	6.63	5.05	19.66	31.00	829.88	817.54	803.97	713.21	929.04 20/5	664.23 9/9	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (23)	865.76	+3.4	5.88	6.24	24.27	40.39	837.27	815.82	801.66	825.60	1121.52 11/5	617.65 9/9	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (26)	708.64	+5.4	3.92	7.00	69.00	37.49	672.57	656.13	647.87	823.87	1069.64 11/5	488.72 9/9	1951.50 16/7/87	71.48 2/12/74
4	Electricals (9)	2424.22	+4.0	6.93	6.24	18.87	109.61	2331.27	2337.78	2336.20	2283.13	2758.50 22/5	1874.89 20/10	3040.80 8/9/89	84.71 25/6/62
5	Electronics (28)	2310.15	+1.2	6.65	3.73	19.08	52.39	2283.21	2243.13	2205.40	1670.22	2310.15 18/12	1655.93 13/1	2310.15 18/12/92	1229.01 8/10/85
6	Engineering-Aerospace (6)	288.69	+1.0	12.27	8.14	10.38	16.18	285.92	278.13	269.59	321.55	406.10 20/5	243.47 24/11	502.42 13/6/90	243.47 24/11/92
7	Engineering-General (43)	487.73	+3.2	8.28	4.84	15.40	17.35	472.82	471.36	467.42	446.95	567.62 20/5	409.31 9/9	567.62 20/5/92	339.57 23/1/91
8	Metals and Metal Forming (7)	311.70	+1.7	5.45	4.14	26.78	9.49	306.45	305.33	297.08	286.87	379.31 18/5	255.51 8/9	596.67 9/10/87	49.65 6/1/75
9	Motors (15)	361.91	+2.5	5.62	6.50	25.96	17.77	353.15	349.16	346.66	279.25	403.06 21/5	274.42 1/9	411.42 13/10/87	19.91 6/1/75
10	Other Industrials (18)	1935.55	+1.1	6.33	4.32	19.08	62.07	1914.48	1888.76	1851.30	1434.12	1935.55 18/12	1480.17 9/9	1935.55 18/12/92	277.55 15/1/81
21	CONSUMER GROUP (191)	1739.65	+2.0	6.70	3.35	18.56	43.25	1704.77	1702.04	1695.26	1508.19	1761.38 11/5	1446.17 25/8	1761.38 11/5/92	61.41 13/12/74
22	Brewers and Distillers (25)	2070.64	+1.8	8.03	3.66	15.08	54.23	2034.68	1991.26	1987.79	1889.60	2278.85 11/5	1812.14 5/10	2278.85 11/5/92	69.47 13/12/74
25	Food Manufacturing (18)	1306.57	+1.9	8.03	3.99	15.56	40.47	1282.35	1276.57	1274.05	1187.59	1327.80 11/5	1064.95 10/9	1327.80 11/5/92	59.67 11/12/74
26	Food Retailing (18)	3279.46	+3.6	7.85	2.87	16.57	70.26	3166.95	3154.76	3143.02	2275.58	3279.46 18/12	2293.80 10/1	3279.46 18/12/92	54.25 11/12/74
27	Health and Household (26)	4262.33	+1.7	5.22	2.66	22.28	88.04	4189.94	4289.53	4270.24	4015.23	4654.94 14/1	3648.63 26/8	4654.94 14/1/92	175.38 28/5/80
29	Hotels and Leisure (18)	1232.08	+2.0	6.78	5.59	19.37	46.03	1208.06	1200.66	1199.42	1176.58	1450.36 13/5	898.80 16/9	1845.77 8/9/89	54.83 9/1/75
30	Media (25)	1812.79	+1.5	5.49	2.86	22.70	39.40	1785.79	1767.90	1749.03	1332.47	1812.79 18/12	1376.55 25/8	1812.79 18/12/92	1166.91 16/1/91
31	Packaging, Paper & Printing (17)	784.07	+1.8	6.66	4.15	18.62	24.33	770.58	758.71	747.12	698.53	875.53 13/5	633.17 16/9	875.53 13/5/92	43.46 6/1/75
34	Stores (33)	1138.73	+2.3	6.40	3.19	20.69	26.56	1113.63	1106.35	1104.63	944.46	1144.54 8/12	907.08 25/8	1160.58 29/7/87	52.63 6/1/75
35	Textiles (11)	723.92	+2.3	6.59	4.16	19.15	23.64	707.72	700.02	692.61	577.39	756.70 8/5	551.94 25/8	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (116)	1415.66	+1.7	8.76	4.93	14.09	50.02	1391.67	1384.86	1376.81	1142.94	1415.66 18/12	1140.56 3/4	1415.66 18/12/92	58.63 6/1/75
41	Business Services (17)	1485.78	+2.8	5.97	3.43	20.52	36.28	1444.80	1435.71	1418.11	1287.26	1511.16 11/5	1160.34 1/9	1511.16 11/5/92	892.28 1/2/91
42	Chemicals (22)	1395.24	+1.3	6.55	5.25	19.32	54.80	1377.24	1384.74	1367.11	1330.78	1629.99 8/5	1243.05 1/9	1629.99 8/5/92	71.20 1/12/74
43	Conglomerates (10)	1348.77	+2.0	8.87	8.77	13.14	54.22	1322.04	1311.85	1298.86	1208.70	1509.94 11/5	1087.92 2/9	1819.46 11/8/89	975.19 10/11/87
44	Transport (14)	2731.43	+1.7	8.21	4.36	14.63	88.31	2686.28	2650.60	2636.16	2228.61	2790.11 20/5	2133.26 26/8	2790.11 20/5/92	90.80 29/6/62
45	Electricity (16)	1518.82	+2.2	14.27	5.00	9.01	56.57	1485.84	1491.17	1479.93	1180.17	1569.04 19/11	1044.63 7/4	1569.04 19/11/92	994.96 7/1/91
46	Telephone Networks (4)	1658.14	+1.5	8.04	4.12	16.17	65.69	1633.46	1612.88	1613.65	1361.57	1699.21 1/12	1274.20 3/4	1699.21 1/12/92	517.92 30/11/84
47	Water (11)	3284.65	+0.9	13.92	5.40	7.98	122.00	3255.19	3244.63	3232.72	2214.40	3357.97 11/11	2140.95 8/4	3357.97 11/11/92	1820.20 1/5/90
48	Miscellaneous (22)	2474.10	+1.8	5.74	4.09	21.53	61.03	2431.13	2430.18	2417.71	1658.00	2474.10 18/12	1770.94 3/1	2474.10 18/12/92	60.39 6/7/75
49	INDUSTRIAL GROUP (482)	1413.96	+1.9	7.36	4.17	16.95	42.91	1386.94	1379.99	1370.65	1191.52	1427.97 11/5	1168.49 1/9	1427.97 11/5/92	59.01 13/12/74
51	Oil & Gas (18)	2149.65	+1.7	6.21	6.03	21.17	103.27	2114.56	2108.30	2110.87	2110.22	2226.66 2/1	1756.72 7/8	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1484.82	+1.9	7.25	4.36	17.30	47.72	1456.86	1449.87	1441.22	1272.46	1493.99 11/5	1228.86 26/8	1493.99 11/5/92	63.49 13/12/74
61	FINANCIAL GROUP (82)	857.37	+1.5	-	5.12	-	33.33	845.11	842.76	838.51	685.90	857.37 18/12	631.13 25/8	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	1155.70	+0.7	5.32	4.82	28.17	41.81	1147.79	1154.73	1149.03	814.61	1205.51 10/11	790.95 3/4	1205.51 10/11/92	62.44 12/12/74
65	Insurance (Life) (6)	1759.15	+1.9	-	5.17	-	68.18	1726.11	1716.51	1694.20	1358.92	1759.15 18/12	1243.61 6/4	1759.15 18/12/92	44.88 2/1/75
66	Insurance (Composite) (7)	635.63	+2.8	-	4.74	-	22.58	618.04	609.85	606.49	464.94	647.86 30/11	418.66 27/7	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	779.35	+2.7	7.96	6.85	16.88	48.05	759.11	733.60	738.00	964.33	1031.35 27/1	527.43 25/8	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (6)	469.42	+0.5	-	4.87	-	16.75	467.09	463.97	464.31	442.65	521.89 22/5	395.41 28/8	547.59 12/10/87	31.21 7/1/75
69	Property (30)	637.82	+2.8	8.51	6.61	15.41	33.09	620.69	607.33	608.81	784.14	799.69 20/1	464.71 16/9	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (14)	288.39	+2.5	6.95	5.81	18.96	11.63	281.28	278.90	275.67	227.81	288.39 18/12	215.81 2/9	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (69)	1292.18	+1.3	-	3.36	-	32.11	1275.47	1267.74	1266.66	1116.90	1292.18 18/12	1024.12 25/8	1323.81 4/1/90	71.12 13/12/74
99	ALL-SHARE INDEX (651)	1333.41	+1.8	-	4.43	-	43.73	1309.31	1303.34	1295.90	1132.66	1333.41 18/12	1086.13 25/8	1333.41 18/12/92	61.92 13/12/74

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Fri Dec 18	Day's change %	Thu Dec 17	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (24)	127.75	+0.08	127.65	2.16	12.02
2	5-15 years (23)	144.74	+0.06	144.65	1.84	13.51
3	Over 15 years (8)	152.64	+0.06	152.54	2.46	11.89
4	Irredeemables (6)	170.98	+0.10	170.80	1.79	13.68
5	All stocks (61)	141.50	+0.07	141.41	2.05	13.03
	Index-Linked					
6	Up to 5 years (2)	183.37	+0.02	183.34	0.85	3.68
7	Over 5 years (11)	162.68	-0.05	162.77	0.98	4.56
8	All stocks (13)	164.24	-0.05	164.31	0.96	4.42
9	Debs & Loans (62)	123.61	+0.13	123.45	2.94	11.13

AVERAGE GROSS REDEMPTION YIELDS

			Fri Dec 18	Thu Dec 17	Year ago (approx.)	1992 High	1992 Low
	British Government						
1	Low	5 years	7.24	7.28	8.90	10.03 15/9	6.80 9/11
2	Coupons	15 years	8.25	8.25	9.38	9.72 1/4	8.06 12/11
3	(0%-7¾%)	20 years	8.49	8.49	9.38	9.72 1/4	8.34 12/11
4	Medium	5 years	7.59	7.59	9.81	10.28 1/4	7.11 11/11
5	Coupons	15 years	8.68	8.67	9.49	9.82 1/4	8.47 11/11
6	(8%-10¾%)	20 years	8.84	8.84	9.45	9.76 1/4	8.71 12/11
7	High	5 years	7.83	7.83	10.04	10.50 1/4	7.35 9/11
8	Coupons	15 years	8.95	8.96	9.55	9.96 1/4	8.76 11/11
9	(11%-)	20 years	9.03	9.04	9.48	9.90 5/10	8.87 11/11
10	Irredeemables (Flat Yield)		8.90	8.90	9.58	9.92 2/4	8.69 11/11
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	2.55	2.54	4.06	5.06 16/9	2.25 11/11
12	Inflation rate 5%	Over 5 yrs.	3.96	3.95	4.40	4.76 16/9	3.67 30/10
13	Inflation rate 10%	Up to 5 yrs.	1.69	1.67	3.39	4.23 16/9	1.50 13/11
14	Inflation rate 10%	Over 5 yrs.	3.76	3.75	4.21	4.56 16/9	3.49 30/10
15	Debs &	5 years	8.99	8.98	11.23	11.51 6/4	8.62 11/11
16	Loans	15 years	9.90	9.91	11.04	11.22 6/4	9.68 11/11
17		25 years	10.08	10.10	10.85	11.82 6/4	9.93 11/11

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

The FT-Actuaries All Share Index is calculated by the Financial Times Limited in conjunction with the Institute of Actuaries. The FT-SE 100, FT-SE 250 and the FT-SE Actuaries 350 Indices, the FT-SE Actuaries Industry Baskets and the FT-Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by the The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. **CONSTITUENT CHANGES: ADDITIONS:** National Express (44), Dewhirst Group (35); TV-am (30), Ranks Hovis McDougall (25).

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Alld Lyons	600	53	67	75	6	14	27
(*643)	650	18	35	47	25	35	52
ASDA	60	5	9	12	4½	8	10
(*61)	70	2	5	7	12	14	16
Brit. Airways	280	22	33	39	7	14	22
(*295)	300	11	23	29	16	23	32
Smkl Bchm A	500	19	32	46	16	26	35
(*500)	550	4½	14	25	54	57	61
Boots	500	36	50	57	6	13	24
(*527)	550	8	22	30	33	40	50
B.P.	220	16	21	27	5½	10	15
(*229)	240	5	11	17	15	20	25
British Steel	50	9	11	13	2	4	7
(*56)	60	2½	6	8½	7	9½	12
Bass	600	50	62	76	7	17	27
(*633)	650	17	35	50	29	40	50
C & Wire	650	53	70	85	7	19	31
(*691)	700	18	40	57	28	41	54
Courtaulds	550	37	56	68	10	20	32
(*578)	600	13	31	44	35	45	58
Com. Union	600	27	41	52	15	34	43
(*607)	650	7	19	31	48	66	74
Fisons	220	23	37	43	14	23	31
(*229)	240	13	27	34	24	34	43
GKN	420	24	32	38	10	23	30
(*430)	460	6	14	22	33	49	54
Grand Met.	460	16	26	42	21	29	37
(*462)	500	4	14	26	51	55	61
I.C.I.	1000	48	67	85	20	54	68
(*1025)	1050	24	43	64	45	90	100
Kingfisher	550	42	60	68	8	17	28
(*585)	600	14	28	40	31	40	55
Ladbroke	180	15	22	27	10	18	25
(*183)	200	6	14	19	23	32	37
Land Secur	420	31	42	47	3	6½	17
(*446)	460	6½	17	23	20	25	38
M & S	300	24	32	36	4½	8	14
(*319)	330	7	17	21	17	21	28
Sainsbury	550	18	34	44	17	25	34
(*551)	600	3	14	24	53	57	64
Shell Trans.	550	17	23	34	13	27	30
(*550)	600	3	7	16	52	63	65
Storehouse	180	16	20	25	6	11	16
(*193)	200	6	1	16	19	22	27
Trafalgar	70	11	14	16	2½	3½	6
(*78)	80	4½	7	10	6	7½	10
Utd. Biscuits	330	26	33	37	5	15	20
(*351)	360	7½	15	22	19	32	36
Unilever	1050	55	74	89	11	29	40
(*1083)	1100	23	44	60	34	55	66
Option		**Feb**	**May**	**Aug**	**Feb**	**May**	**Aug**
Brit Aero	160	24	31	40	19	30	32
(*166)	180	15	22	30	31	40	47

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
BAA	750	55	73	85	13	23	34
(*783)	800	26	46	58	36	47	57
BAT Inds	950	63	75	89	22	43	51
(*985)	1000	35	48	64	43	69	77
BTR	500	46	50	58	6	16	22
(*534)	550	16	22	32	29	42	46
Brit. Telecom	390	18	28	36	13	17	21
(*395)	420	6	15	21	32	35	38
Cadbury Sch	420	39	46	51	7	16	21
(*450)	460	15	25	30	24	37	41
Eastern Elec	370	34	43	-	9	15	-
(*397)	400	16	27	-	23	29	-
Guinness	500	27	40	47	23	37	43
(*501)	550	10	20	31	58	68	75
GEC	260	21	27	32	5½	8	14
(*278)	280	9½	16	20	13	16	23
Hanson	220	15	18	20	5½	9½	14
(*227)	240	5½	8½	13	16½	20½	24½
LASMO	140	15	19	23	12	20	23
(*142)	160	7½	12	16	25	34	37
Lucas Inds	130	16	21	24	13	18	22
(*132)	140	11	15½	20	20	25	28
P & O.	500	35	45	53	29	46	58
(*503)	550	14	27	36	64	84	92
Pilkington	90	15	21	24	6	9½	15
(*99)	100	11	16	20	12	16	22
Prudential	280	24	27	31	6½	14	17
(*295)	300	13	19	22	16	24	27
R.T.Z.	650	39	50	64	22	40	50
(*664)	700	17	28	40	52	72	79
Scot. & New	460	18	30	38	21	28	37
(*467)	500	6	16	21	50	55	61
Tesco	240	21	26	32	7	12	15
(*254)	260	8½	16	20	16	22	25
Thames Wtr	460	47	58	63	5½	9	17
(*498)	500	19	31	36	18	24	34
Vodafone	390	37	50	57	12	19	27
(*416)	420	18	33	41	26	34	42
Option		**Dec**	**Mar**	**Jun**	**Dec**	**Mar**	**Jun**
Abbey Nat.	360	18	31	36	1½	15	19
(*376)	390	1½	16	21	17	32	35
Amstrad	20	5	6	7	½	2	2½
(*24)	25	1	3	4	2	4½	5
Barclays	360	22	36	42	2	20	26
(*378)	390	2½	20	26	15	38	43
Blue Circle	180	20	34	41	1½	14	22
(*198)	200	-	23	23	-	24	32
British Gas	260	19	27	29	1	6	11
(*276)	280	3	15	18	6	13	21
Dixons	260	10	27	33	3	18	25
(*266)	280	2	17	24	16	30	34
Eurotunnel	300	25	10	57	2	18	27
(*325)	330	5	29	40	17	34	40

Option		Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
Glaxo	750	37	69	92	3	32	46
(*783)	800	6½	44	67	20	59	69
Hillsdown	130	10	21	23	2½	12	19
(*137)	140	3	16	21	8	16	25
Lonrho	70	3½	9	12½	3	9	11
(*71)	80	1	5	9	9½	14	17
HSBC 75p shs	420	41	61	71	1½	17	29
(*459)	460	10	41	50	9	33	49
Natl Power	260	16	25	31	1½	9	13
(*275)	280	2	14	21	9	19	23
Reuters	1350	40	100	123	6	57	85
(*1380)	1400	9	72	97	26	85	113
R. Royce	110	3½	11	13	4	13	14
(*111)	120	1	7	9	10	19	21
Scot Power	220	20	22	27	1	5	7
(*238)	240	3	10	16	5	14	17
Sears	100	4	10½	15	3	6½	9
(*102)	110	1	7	8	10	12	15
Forte	160	12	24	26	2½	12	20
(*171)	180	2½	13	17	11	22	32
Thorn EMI	800	50	65	82	2	21	30
(*845)	850	8	36	55	14	44	54
TSB	140	8	13	17	1½	8½	11
(*146)	160	½	5	8	16	21	23
Vaal Reefs	25	6	6½	7	1	2½	3
(*$29)	30	2	4	4½	2	4	5½
Wellcome	1000	20	75	102	12	52	70
(*1006)	1050	4½	50	76	47	80	97

EURO FT-SE INDEX (*2788)

	2575	2625	2675	2725	2775	2825	2875	2925
CALLS								
Dec	-	137	-	35	-	-	-	-
Jan	224	179	136	99	68	44	26	13
Feb	-	200	-	127	-	73	-	38
Mar	-	212	-	160	-	-	-	53
Jun	-	264	-	178	-	130	-	-
Sep	-	275	-	-	-	170	-	120
PUTS								
Dec	-	-	-	-	-	-	-	-
Jan	9	12	20	32	50	75	106	145
Feb	-	30	-	57	-	97	-	160
Mar	-	44	-	78	-	106	-	-
Jun	-	-	-	-	-	-	-	-
Sep	-	-	-	-	-	-	-	-

FT-SE INDEX (*2788)

	2550	2600	2650	2700	2750	2800	2850	2900
CALLS								
Dec	208	158	108	58	8	½	½	½
Jan	250	203	158	118	82	53	32	18
Feb	268	227	185	148	117	88	67	44
Mar	289	250	212	176	142	113	88	67
Jun †	-	280	-	208	-	152	-	103
PUTS								
Dec	½	½	½	½	½	43½	93½	143
Jan	7	10	16	27	43	65	95	132
Feb	25	29	37	50	69	91	117	150
Mar	35	40	50	63	83	103	128	157
Jun †	-	57	-	83	-	-	-	-

18 December Total Contracts 42,745
Calls 28,108 Puts 14,637
FT-SE Index Calls 12,467 Puts 8,329
Euro FT-SE Calls 1,287 Puts 407
*Underlying security price. † Long dated expiry months.
Premiums shown are based on closing offer prices.

FT FIXED INTEREST INDICES

	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14	Year ago	High *	Low *
Govt Secs (UK)	93.73	93.67	93.57	93.50	93.71	88.92	95.54	85.11
Fixed Interest	109.02	108.96	108.61	108.78	109.01	97.27	110.26	97.15

* for 1992. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed interest high since compilation: 110.26 (12/11/92), low 50.53 (3/1/75)
Basis 100 Government Securities 15/10/26. Fixed Interest 1928.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
Dec 17	94.3	103.8
Dec 16	102.4	110.2
Dec 15	113.2	113.5
Dec 14	104.1	114.7
Dec 11	105.1	117.7

* SE activity indices rebased 1974

TRADITIONAL OPTION 3-month call rates

	p								
INDUSTRIALS	p	Cadburys	35	Hanson	17	Ratners	2½	Land Sec.	32
Allied-Lyons	47	Charter Cons.	44	ICI	65	Reed Intl	42	MEPC	22
Amstrad	4	Comm Union	42	Ladbroke	20	Sears	7	**OILS**	
Astec (BSR)	3½	Courtaulds	38	Legal & Gen	27	SmKl Bchm A	34	Aviva Pet	6
BAT Inds	60	Eurotunnel	32	Lex Service	19	TI	26	BP	22
BOC	49	FKI	8	Lloyds Bank	34	TSB	11½	Burmah Castrol	56
BTR	35	FNFC	6	Lonhro	8	Tesco	17	Conroy Pet	6
Barclays	26	Forte	17	Lucas Inds	11	Thorn EMI	56	Gaelic Res	½
Blue Circle	19	GKN	33	Marks Spencer	25	T & N	15	Premier Cons	2½
Boots	31	Gen Accident	40	NatWest Bank	26	Unilever	75	Shell	42
Bowater	58	GEC	17	P & O Dfd	32	Vickers	9	**MINES**	
Brit Aerospace	30	Glaxo	15	Racal Elect	6	Wellcome	71	RTZ	50
British Steel	8	Grand Met	34	RHM	14	**PROPERTY**			
BT	25	GRE	15	Rank Org	42	Brit Land	15		

SCA, Weyerhaeuser plan exchange of information

By Christopher Brown-Humes in Stockholm

TWO leading players in the world's packaging industry, Sweden's SCA and Weyerhaeuser of the US, plan to co-operate in production technology and product development.

The two companies will exchange technical and commercial information and explore possibilities for joint research and development projects. The aim is to reduce costs and develop markets through the pooling of expertise.

Mr Sverker Martin-Lö f, SCA chief executive, said the move would help the group to meet the needs of the growing segment of packaging customers that operate globally.

SCA Packaging is the leading supplier of corrugated board and containerboard on the European market while Weyerhaeuser is the third largest supplier of corrugated and containerboard in the US.

Mr Colin Williams, SCA Packaging president, said: "SCA can reduce costs by learning from Weyerhaeuser's cost-effective corrugated board production while Weyerhaeuser can learn much from SCA about the application of recycled fibre in its production."

SCA also upgraded its 1992 earnings forecast yesterday, saying it now expected to make profits of SKr300m-SKr400m ($44.4m-$59.3m). This compares with the break-even result which it predicted in October when it announced a SKr62m profit for the first eight months.

The company said it had benefited from the devaluation of the Swedish krona and a fast implementation of cost reduction measures. It added that its hygiene company, Mölnlycke, had continued its strong development.

Sweden's forestry groups are believed to be among the main beneficiaries of the weaker Swedish currency, and their shares have advanced strongly since the krona was floated on November 19.

However, SCA noted there had still been no improvement in the market for traditional forest industry products.

BHP rises 23% to A$502m

By Kevin Brown in Sydney

BROKEN Hill Proprietary (BHP), Australia's biggest company, yesterday returned to profits growth with a 23 per cent rise in net operating profit to A$502m (US$346.2m) for the six *months to end-November.*

The result was below market expectations, but the shares closed 28 cents higher at A$12.84, buoyed by the contrast with the year to May, when net profit more than halved to A$589m.

The group said it was performing soundly, in spite of subdued economic growth in its main markets. "It is a measure of BHP's success that most of our businesses are continuing to operate at capacity," the company said.

BHP said demand for most of its mineral products was higher and production of copper, coal and iron ore had increased. The petroleum division *was continuing to* generate good profits in spite of uncertainty over oil prices.

However, the group said the Australian recession had flattened domestic demand for steel and warned that profit growth would depend on cost-cutting and strategic marketing. The recession had forced the group to divert production into less profitable export markets in which it faced escalating competition.

At the operating level, the minerals divisions reported a 0.4 per cent increase in profit to A$333m, the steel division increased profit by 7 per cent to A$104m, and petroleum was up 15 per cent to A$257m.

BHP said revenue increased by 7 per cent to A$8bn, partly as a result of higher oil and gas prices and the inclusion of New Zealand Steel, which was acquired during the year.

The group said export revenues were significantly improved by a decline in the average exchange rate of the Australian dollar to 73 US cents from 78 cents in the comparable period of 1991-92.

Kerkorian group files fraud lawsuit

By Alan Friedman in New York

A GROUP led by Mr Kirk Kerkorian, the investor who in 1990 sold Hollywood's MGM to Mr Giancarlo Parretti, the Italian financier, yesterday filed a lawsuit alleging fraud and conspiracy by Crédit Lyonnais, the French state bank that backed Mr Parretti.

The California legal action, which seeks $675m plus damages from Crédit Lyonnais, is a countersuit which follows a recent $500m action against Mr Kerkorian by Crédit Lyonnais.

The French bank provided loans that helped Mr Parretti to buy MGM for $1.3bn from Mr Kerkorian in 1990. But last year the Italian financier was forced out of the studio and Crédit Lyonnais took control of MGM.

Bronfman companies write off C$1.3bn

By Robert Gibbens in Montreal

THE Toronto Bronfmans' four property companies have written off a combined C$1.3bn (US$1.01bn) from their balance sheets because of the slump in North American real estate.

The biggest write-down was C$939m pre-tax by Bramalea, which was hit by its holdings of Ontario land acquired before the property market collapsed. Bramalea is now restructuring its debt totalling more than C$4bn.

Because all four Bronfman companies are inter-related, the Bramalea write-down had a ricochet effect through the other three companies.

Stock market listed Trizec, in which the Reichmann family has a minority interest, reported a C$544m loss for the year ended October, after providing C$668m pre-tax to cover its investment in Bramalea.

Carena, a company which owns 40 per cent of Trizec, posted a loss of C$245.5m for the year ended October, after total charges of C$271m. Coscan, 56 per cent owned by Carena, warned that a restructuring charge of nearly C$100m was due.

● Bombardier of Canada has confirmed an order for 108 subway cars for the Ankara subway in Turkey worth $262m. They will be built in Bombardier's Ontario plant.

The overall $660m four-year Ankara contract, covering phase one of the Turkish capital's subway system, is held by a consortium of Bombardier, SNC, the Canadian engineering group, plus Gama and Guris of Turkey.

Isuzu may restructure domestic production

By Robert Thomson in Tokyo

ISUZU Motors, the Japanese car maker with links to General Motors of the US, is close to announcing a plan to withdraw from the domestic passenger car market in order to concentrate on the production of commercial vehicles and trucks.

The company confirmed yesterday that it was considering pulling out from passenger cars to end two years of large losses.

Isuzu reported a pre-tax loss of Y48.4bn ($389m) in the year ended October 1991 and is expected to report a loss of about Y30bn in the year just ended.

Isuzu said yesterday that it would commission GM, which has a 37 per cent stake in the Japanese maker, to produce medium-sized trucks in the US from early 1994 as part of an expanded partnership between the two companies.

The commissioned production at a GM plant in Wisconsin would initially be about 6,000 trucks annually, with *Isuzu exporting the chassis* and the cabs, and GM providing the engine and transmission.

Isuzu's commissioning of production is intended to make use of excess capacity in GM facilities and lift the Japanese company's profile in the US, where its distribution network has been strengthened.

Passenger cars and vans account for about 10 per cent of Isuzu's sales, while trucks and buses account for 57 per cent and engines, parts and other products for the remaining 33 per cent.

Passenger car sales have fallen sharply over the past year in Japan and have remained weak.

This has encouraged price cuts among leading vehicle makers which put extra pressure on the already weak Isuzu.

The company has trimmed its force of temporary workers and streamlined its component supply systems, but believes that a stronger emphasis on truck production is the best means of ensuring a return to profits.

● The agreement by NEC, the Japanese electronics company, to acquire a 4.99 per cent of Control Data Systems (CDS) of the US, involves an agreement under which CDS will sell computers made by NEC on an original equipment basis.

The computers are under development and are expected to be marketed during the second half of 1993.

Tapie puts Adidas stake up for sale

By Alice Rawsthorn in Paris

MR Bernard Tapie has put his controlling stake in Adidas, the troubled sporting goods group, up for sale with a price tag of FFr2.085bn ($390m).

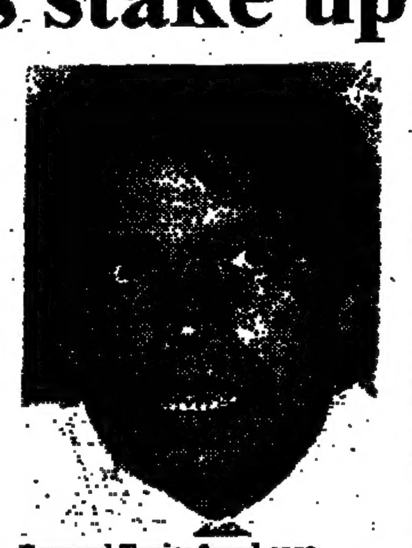
Adidas's future has been clouded by uncertainty ever since the collapse in October of Mr Tapie's plans to sell control of the company to Pentland, the UK consumer products concern.

Pentland had agreed to buy the Tapie shareholding – which centred on Bernard Tapie Finance (BTF), Mr Tapie's master company – for FFr1.6bn, only to abandon the deal three months later.

BTF has since bought Pentland's original 20.05 per cent stake in BTF and has put its entire 78.05 per cent holding on the block. It has appointed Société de Banque Occidentale (SDBO), a Paris-based bank, to find a purchaser and to orchestrate the deal.

Adidas is one of the world's best known brand names. However, it has had a series of financial problems in the two years since Mr Tapie took control. It has faced fierce competition from the US sportswear groups, notably Nike and Reebok, which had strong links with Pentland. Adidas has also undergone expensive rationalisation and a series of senior management changes since the Tapie takeover.

Mr Tapie is said to be short of cash following the demise of the Pentland deal and the failure of other proposed disposals, including the planned sales of the Terraillon weighing machine business and La Vie Claire health food chain.



Bernard Tapie: fraud case was dismissed yesterday

On Wednesday he announced final plans to buy out the external shareholders in BTF for FFr100 a share, against the FFr130 at which the shares were suspended this summer. Only 5 per cent of the shares in BTF, valued at FFr692m under the buy-back terms, are in public issue.

The decision to privatise BTF is believed to have been fuelled by Mr Tapie's financial position and by his political ambitions. Mr Tapie, who has a parliamentary seat, is one of the few French politicians to be actively involved in business. He was forced this spring to resign from the cabinet after only seven weeks because of his involvement in a fraud case concerning past business interests. The case against him was yesterday dismissed by a French court.

Shell abandons India partner

By Stefan Wagstyl in New Delhi and R C Murthy in Bombay

ROYAL Dutch/Shell is abandoning its Indian partner of 25 years' standing and is pulling out of a planned $2bn petrochemicals venture in India following disputes about *the management of the project.*

Even though Shell insisted the decision had nothing to do with the group's view of India's economy or economic reform programme, the move will be a blow to the Indian government. Ministers have frequently cited the Shell project as an example of the extensive foreign investment India hopes to attract as it opens its economy to the outside world.

Shell has had a long association with Arvind Mafatlal, a textiles and chemicals group, which includes the joint ownership of National Organic Chemical Industries (Nocil), a chemicals manufacturer. The two partners have long discussed plans for Nocil to build a petrochemical complex on India's western coast. The scheme was delayed by bureaucratic wrangles and by protests from local environmental groups.

The partners seemed to have *overcome these hurdles.* But in the past year, serious arguments have blown up over Shell's proposals to increase its stake in Nocil from 33.3 per cent to 51 per cent. It is understood that Shell wished to have management control of the project which would have been one of the largest foreign investments in India.

News of Shell's decision was made public at a Nocil shareholders' meeting on Thursday, attended by Mr F Berger, Shell's co-ordinator for Asia. Mr Berger told the meeting that there were fundamental differences as to how the company should be managed. It was evident that these differences could not be resolved.

He added that "the withdrawal from Nocil at this time should not be construed as a reflection of doubt or disappointment in the progress of economic reforms in India. Shell strongly supports them."

Shell's move may have been influenced by the depressed state of the world market in petrochemicals and the fact that several other proposed petrochemicals complexes are under discussion in India.

Under the terms of an agreement between Shell and Mafatlal, Shell is required to offer its shareholding in Nocil to Mafatlal for sale at a mutually acceptable price. Mafatlal says there will be no change in existing technology transfer agreements with Shell covering Nocil's present operations, which include a naphtha cracker.

BA issues USAir jobs warning

By Kevin Brown

BRITISH Airways yesterday accused Washington of putting nearly 100,000 US jobs at risk by linking its $750m offer for 44 per cent of USAir to liberalisation of the UK-US aviation market.

The warning coincided with a last minute effort by Mr John Major, the prime minister, to win Washington's approval for the deal during weekend talks with President George Bush.

Amid growing signs that the Bush administration was unlikely to approve the deal next week, *Sir Colin Marshall,* BA's chief executive, claimed the US government's apparent determination to make approval of the bid conditional on UK liberalisation was "entirely to the benefit of the three major US airlines".

American Airlines, United Airlines and Delta Air Lines have spearheaded the campaign to block the BA-USAir deal unless the US government can secure greater access for UK carriers into the London market.

Sir Colin said BA remained hopeful the bid would be approved next week by Mr Andrew Card, the US transportation secretary, following the talks between President Bush and Mr Major.

However, BA was *extremely* disappointed that the deal appeared to hinge on bilateral issues which Sir Colin argued had no connection with the commercial agreement between the two airlines.

"For the US government, the upholders of belief in freedom of capital and freedom of movement, to be rejecting this deal, which clearly puts at risk the future of USAir, its 47,000 employees, and a similar number who are providers of services and products, boggles the mind," he said.

Sir Colin, in Sydney to complete BA's A$665m (US$458.6m) purchase of 25 per cent of Qantas, the government-owned Australian airline, confirmed BA had no plans to raise fresh *capital to finance its expan*sion. He said BA could finance the purchase of stakes in Qantas and USAir without a rights issue.

ABB acquires ESAB robotic welding unit

By Robert Taylor in Stockholm

THE robotics division of Asea Brown Boveri, the Swedish-Swiss engineering group has acquired the robotised arc welding business of ESAB, the Swedish welding company.

The deal will strengthen ABB's position as a leading robot manufacturer in Europe and North America. It is estimated that ABB Robotics' annual turnover will grow by 30 per cent to $450m as a result of the acquisition. The cost of the acquisition was not disclosed.

The two companies have worked closely together since 1974 in the development of the welding robotics market. ESAB has provided a delivery service for about 5,000 ABB-designed robots.

ABB Robotics and ESAB have operated separate organisations for production, research and development, as well as sales and service. Mr Stelio Demark, ABB Robotics president said yesterday that both companies saw a substantial business opportunity to increase market share and volume in combining their operations.

ESAB said the deal would provide cost advantages through more integrated production and administration as well as better market coverage.

The company said its disposal of its robotics welding business would have a substantial impact on its financial results. It added that ESAB's financial resources would be *helped by the agreement so* that it could improve its core business of welding product sales in Asia and eastern Europe.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	$337.15	+2.15	$358.25	$358.40	$334.05
Silver Per troy oz	241.50p	+2.00	208.15p	249.50p	187.58p
Aluminium 99.7% (cash)	$1221	+16.0	$1110.0	$1339.0	$1105.5
Copper Grade A (cash)	£1407.5	+7.5	£1169	£1450.50	£1125.0
Lead(cash)	£291	+3.0	£284.0	£383.5	£278.50
Nickel (cash)	$5762.5	+62.5	$7155	$8195.0	$5315
Zinc SHG (cash)	$1049	-11.5	$1173	$1457.5	$1019.0
Tin (cash)	$5672.5	-107.5	$5530	$7115.0	$5425.0
Cocoa Futures (Mar)	£672	-13	£766	£751	£523
Coffee Futures (Jan)	$1030	+18	£550	$1030	$676
Sugar (LDP Raw)	$212.0	+1.5	$229.20	$272.6	$193
Barley Futures (Jan)	£131.10	+0.30	£122.10	£138.10	£106.90
Wheat Futures (Jan)	£134.75	+0.40	$128.85	£138.60	£109.85
Cotton Outlook A Index	54.20c	-0.2	61.40c	65.90c	52.25c
Wool (64s Super)	389p	-15	417p	480p	364p
Oil (Brent Blend)	$18.525x	-0.1	$17.55	$21.30	$17.00

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Feb.

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Jan)		+ or -
Dubai	$16.45-6.60u	+.125
Brent Blend (dated)	$18.20-8.25u	+.050
Brent Blend (Feb)	$18.50-8.55	+.100
W.T.I (1 pm est)	$19.80-9.85	+.150
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$189-191	
Gas Oil ♦	$180-181	+2
Heavy Fuel Oil	$71-73	
Naphtha	$181-182	+2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$337.15	-1.20
Silver (per troy oz)♣	376.50c	-2.0
Platinum (per troy oz)	$363.50	-2.0
Palladium (per troy oz)	$111.15	-0.35
Copper (US Producer)	103.5c	
Lead (US Producer)	34.625c	
Tin (Kuala Lumpur market)	14.26r	
Tin (New York)	283.5c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	114.65p	-1.27*
Sheep (live weight)†♣	81.81p	+1.56*
Pigs (live weight)†	86.55p	+4.50*
London daily sugar (raw)	$212.0w	+1.40
London daily sugar (white)	248.0w	+1.90
Tate and Lyle export price	£243.5	+2.50
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£155.0	
Wheat (US Dark Northern)	Unq	
Rubber (Jan)♥	62.75p	
Rubber (Feb)♥	63.00p	
Rubber (KL RSS No 1 Jan)	227.5m	
Coconut oil (Philippines)§	$447.5y	
Palm Oil (Malaysian)§	$387.5u	
Copra (Philippines)§	$290.0	
Soyabeans (US)	£168.0	+1.0
Cotton "A" index	54.20c	-0.05
Wooltops (64s Super)	390p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jan/Feb u-Feb.x-Aug.w-Dec/Jan. z-Jan/Mar. †Meat Commission average fatstock prices.* change from a week ago ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices. ♦ Gas Oil Price for 3/12/1992 174-175 down 2

SUGAR – London FOX ($ per tonne)			
Raw	Close	Previous	High/Low
Mar	188.00	183.00	183.80
May	187.00	186.00	186.00
White	Close	Previous	High/Low
Mar	248.00	247.90	248.00 247.80
May	250.50	250.50	250.00

Turnover: Raw 15 (37) lots of 50 tonnes. White 42 (430) Paris- White (FFr per tonne): Mar May

CRUDE OIL – IPE ($/barrel)	Latest	Previous	High/Low
Feb	1854	1857	1865 1844
Mar	1858	1864	1866 1850
Apr	1858	1863	1860 1855
May	1859	1863	1859 1858
Jun	1862	1860	1862 1855
Jul	1866	1859	1866 1863
IPE Index	1835	1805	1835

Turnover 15310 (29736)

GAS OIL – IPE ($/tonne)	Close	Previous	High/Low
Jan	175.00	172.75	175.75 174.25
Feb	176.00	173.25	176.50 175.50
Mar	175.50	172.25	175.75 174.50
Apr	172.75	170.25	174.00 172.25
May	171.25	169.00	172.25 171.00
Jun	171.00	169.75	171.25 170.75
Jul	173.00	170.25	172.50

Turnover 12376 (12385) lots of 100 tonnes

FRUIT AND VEGETABLES
Supplies of favourite Christmas fresh produce will be plentiful over the festive period reports the FFVIB. Avocados at 40-55p each (60-70p) and Honeydew melons at £1.30-1.60 each (£1.30-1.60) are traditional Christmas starters. Christmas vegetables are reasonably priced this week with Brussel sprouts at 15-25p a lb (15-25p), carrots at 15-20p a lb (15-20p), leeks at 40-50p lb (45-50p) and parsnips at 20-25p a lb (20-25p). Pecan nuts are £1.15-1.30 a lb and Monkey nuts are 60-70p a lb (75-95p). Walnuts, Brazils and Hazelnuts will cost around 68-85p a lb (£1.15-1.30).

COCOA – London FOX (£/tonne)	Close	Previous	High/Low
Dec	649	644	636 633
Mar	672	670	672 661
May	689	687	689 679
Jul	705	703	704 698
Sep	721	718	720 710
Dec	743	741	742 732
Mar	763	761	759 752
May	777	778	774 769
Sep	807	806	807 800

Turnover: 3553 (3802) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Dec.18 725.33 (731.39) 10 day average for Dec 17 743.73 (750.16)

COFFEE – London FOX ($/tonne)	Close	Previous	High/Low
Jan	1030	1019	1032 1019
Mar	1056	1037	1055 1040
May	1026	1011	1025 1013
Jul	1012	1006	1021 1002
Sep	1018	1017	1020 1010
Nov	1030	1024	1030 1020

Turnover:4512 (2953) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec.17: Comp. daily 64.46 (64.25) 15 day average 62.64 (62.21)

POTATOES – London FOX (£/tonne)	Close	Previous	High/Low
Apr	62.9	62.3	63.1 62.6
May	70.0	69.2	70.5 69.8
Apr	91.0		90.0

Turnover 85 (27) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)	Close	Previous	High/Low
Feb	150.00	150.00	

Turnover 0 (0) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)	Close	Previous	High/Low
Jan	1298	1298	1300 1295
Feb	1270	1275	1270
BFI	1373	1370	1373

Turnover 16 (79)

GRAINS – London FOX (£/tonne)			
Wheat	Close	Previous	High/Low
Jan	134.75	135.10	135.15 134.75
Mar	136.30	137.25	137.30 136.30
May	138.50	138.75	139.30 138.50
Barley	Close	Previous	High/Low
Jan	131.10	131.00	131.10
Mar	133.30	133.50	133.30

Turnover: Wheat 145 (103), Barley 51 (11).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg	Close	Previous	High/Low
Feb	100.0		99.0 99.0
Jun	100.5	100.0	100.0 100.0

Turnover:5 (16) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 39,816 lots
Cash	1220.5-1.5	1219.5-20.5		1218.5-9.0		
3 months	1244.0-4.5	1243-3.5	1245.5/1234	1242-2.5	1245-6	179,338 lots
Copper, Grade A (£ per tonne)						Total daily turnover 16,731 lots
Cash	1407-8	1392-3		1400-0.5		
3 months	1434.5-5.0	1419-20	1438/1428.5	1427-7.5	2230-42	141,573 lots
Lead (£ per tonne)						Total daily turnover 2,133 lots
Cash	290.5-1.50	287.5-8.5		291.5-2		
3 months	301-2	298-8.5	303.5/299.5	302-2.5	299.5-300	24,633 lots
Nickel ($ per tonne)						Total daily turnover 6,134 lots
Cash	5760-5	5750-60	5760	5760-2		
3 months	5830-5	5826-30	5840/5826	5825-30	5830-5	40,617 lots
Tin ($ per tonne)						Total daily turnover 1,308 lots
Cash	5670-5	5685-75	5666	5660-5		
3 months	5740-2	5735-40	5745/5735	5735-40	5740-5	9,333 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 6,871 lots
Cash	1048-50	1055-6	1047	1048-8.5		
3 months	1068-9	1074-5	1070/1066.5	1066-7	1069-9.5	72,565 lots

LME Closing £/$ rate: SPOT: 1.5660 3 months: 1.5523 6 months: 1.5414 9 months: 1.5327

LONDON BULLION MARKET (Prices supplied by N M Rothschild)		
Gold (troy oz)	$ price	£ equivalent
Close	337.00-337.30	
Opening	337.40-337.60	
Morning fix	337.15	214.882
Afternoon fix	337.00	215.198
Day's high	338.30-338.60	
Day's low	336.90-337.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	1.68	6 months	2.14
2 months	1.66	12 months	2.53
3 months	1.67		

Silver fix	p/troy oz	US cts equiv
Spot	240.70	377.50
3 months	244.85	380.55
6 months	248.70	383.80
12 months	256.10	391.85

GOLD COINS	$ price	£ equivalent
Krugerrand	337.5-340.50	214.00-218.00
Maple leaf	347.00-349.25	-
New Sovereign	78.50-81.50	50.00-52.00

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jan	Apr	Jan	Apr
1175	57	67	3	9
1200	34	69	4	15
1200	17	62	11	23
Copper (Grade A)	Calls		Puts	
2100	117	142	3	9
2150	69	103	3	19
2200	30	70	14	35
Coffee	Mar	May	Mar	May
950	116	105	11	30
1000	80	78	25	21
1050	51	52	46	77
Cocoa	Mar	May	Mar	May
650	37	16	15	11
675	23	45	26	31
700	14	33	42	44
Brent Crude	Feb	Mar	Feb	Mar
1800	51	71	26	37
1850	24	39	53	55
1900	13	24		

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Dec	336.9	336.4	337.6	336.8
Jan	337.3	336.8	0	0
Feb	337.7	339.2	338.6	337.2
Apr	338.8	340.3	339.6	338.4
Jun	340.3	341.8	341.2	339.9
Aug	341.9	343.4	342.0	342.0
Oct	343.6	345.1	0	0
Dec	345.4	346.9	346.0	345.9
Feb	347.5	349.0	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Jan	360.1	366.8	365.5	359.0
Apr	357.7	363.7	363.5	356.0
Jul	356.7	362.7	362.2	356.0
Oct	355.7	363.9	0	0
Jan	355.7	0	363.0	363.0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Dec	376.4	377.3	377.5	375.0
Jan	376.7	377.6	0	0
Feb	378.4	379.4	377.0	377.0
Mar	379.3	380.3	380.5	366.5
May	382.0	383.0	382.5	380.5
Jul	384.7	385.6	385.5	383.5
Sep	387.5	388.4	387.5	387.5
Dec	391.9	392.8	392.5	391.5
Jan	393.1	394.0	0	0
Mar	397.0	397.9	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Dec	99.40	98.55	99.50	98.40
Jan	99.75	98.85	99.55	98.55
Feb	100.05	99.20	0	0
Mar	100.45	99.55	100.70	99.15
Apr	100.60	99.90	0	0
May	101.10	100.20	101.05	99.95
Jun	101.40	100.50	0	0
Jul	101.70	100.80	101.75	100.85
Aug	101.95	101.10	0	0
Sep	102.20	101.45	102.35	101.60

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Jan	19.79	19.70	19.85	19.56
Feb	19.87	19.80	19.97	19.73
Mar	19.92	19.99	20.06	19.85
Apr	20.02	20.05	20.06	19.90
May	20.06	20.09	20.10	19.95
Jun	20.09	20.11	20.11	19.98
Jul	20.07	20.12	20.12	19.98
Aug	20.07	20.12	20.15	20.00
Sep	20.05	20.11	20.13	20.00
Oct	20.05	20.10	20.10	20.00

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Jan	5605	5626	5630	5555
Feb	5700	5726	5725	5665
Mar	5705	5734	5730	5660
Apr	5650	5666	5670	5620
May	5545	5566	5550	5535
Jun	5495	5533	5530	5465
Jul	5525	5551	5540	5525
Aug	5585	5611	5605	5580
Sep	5705	5731	5725	5705
Oct	5825	5826	5825	5825

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Mar	936	945	947	930
May	964	973	974	960
Jul	988	995	996	984
Sep	1015	1016	1015	1015
Dec	1049	1061	1049	1049
Mar	1078	1086	1081	1078
May	1103	1108	1105	1096
Jul	1125	1141	1132	1123
Sep	1146	1165	1153	1136

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Dec	79.75	78.80	79.85	79.25
Mar	79.70	78.75	79.90	78.90
May	83.35	81.90	83.40	82.30
Jul	84.80	83.40	84.85	84.00
Sep	86.00	84.80	86.00	85.45
Dec	87.40	86.45	88.00	86.00
Mar	89.00	88.25	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	8.30	8.32	8.32	8.26
May	8.42	8.45	8.47	8.42
Jul	8.52	8.56	8.59	8.52
Oct	8.57	8.58	8.61	8.56
Mar	8.70	8.70	8.69	8.69
May	8.83	8.83	0	0

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Mar	57.76	57.28	57.91	57.30
May	58.90	58.48	59.10	58.45
Jul	59.86	59.51	60.03	59.55
Oct	59.60	59.22	59.70	59.26
Dec	58.80	58.95	59.00	58.60
Mar	59.65	59.61	59.65	59.45
May	60.00	60.15	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Jan	92.85	93.70	93.70	92.25
Mar	96.20	97.20	97.60	95.75
May	97.80	98.75	98.85	97.40
Jul	98.50	99.60	98.30	98.30
Sep	97.55	98.80	97.65	97.55
Nov	96.80	98.80	0	0
Jan	99.95	98.80	101.00	100.50
Mar	99.95	99.65	0	0
May	99.95	100.05	0	0

INDICES				
REUTERS (Base:September 18 1931 = 100)				
	Dec.18	Dec.17	mnth ago	yr. ago
	1665.3	1657.1	1657.1	1597.0
DOW JONES (Base: Dec. 31 1974 = 100)				
	Dec.17	Dec.16	mnth ago	yr. ago
Spot	121.62	121.61	117.97	112.84
Futures	121.58	121.56	117.94	119.19

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Jan	571/0	PR.SET	HIGH	LOW
Mar	575/0	569/2	571/4	566/0
May	580/4	573/0	575/4	570/0
Jul	586/4	577/6	580/6	575/4
Aug	586/0	584/0	586/6	581/4
Sep	586/6	586/0	588/0	584/0
Nov	591/4	586/0	586/0	588/4
Jan	599/6	589/0	592/0	596/4

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Dec	20.47	20.46	20.48	20.38
Jan	20.54	20.57	20.59	20.44
Mar	20.75	20.76	20.80	20.66
May	20.89	20.91	20.95	20.82
Jul	21.03	21.05	21.08	20.95
Aug	21.03	21.04	21.09	21.00
Sep	21.05	21.05	21.15	21.00
Oct	21.05	21.05	21.20	21.05

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Dec	191.4	190.4	191.5	189.0
Jan	187.9	186.8	188.0	186.4
Mar	186.2	185.0	186.5	185.5
May	185.9	184.2	186.0	185.3
Jul	186.9	186.2	187.2	184.5
Aug	187.5	185.7	187.5	185.8
Sep	188.4	186.6	186.5	186.6
Oct	190.0	187.8	190.5	188.8

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Dec	211/2	212/4	212/2	210/6
Mar	219/4	220/4	220/2	219/0
May	226/6	227/4	227/2	225/6
Jul	231/6	232/6	232/4	231/0
Sep	236/4	236/6	236/2	235/0
Dec	240/0	240/2	240/2	239/2
Mar	246/4	247/2	248/6	246/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Dec	367/6	364/4	368/4	364/2
Mar	352/4	352/6	354/4	350/4
May	337/6	339/0	338/6	336/4
Jul	312/6	316/4	317/4	312/0
Sep	319/0	321/6	322/4	319/0
Dec	330/0	332/6	333/4	330/0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Dec	78.675	78.775	78.800	78.575
Feb	75.975	76.075	76.050	75.725
Apr	75.725	75.600	75.800	75.550
Jun	72.325	72.400	72.375	72.200
Aug	70.725	70.750	70.850	70.600
Oct	71.200	71.300	71.275	71.175
Dec	71.460	71.550	71.500	71.425

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Dec	43.225	43.600	43.450	43.125
Feb	43.200	43.325	43.400	43.000
Apr	41.850	42.050	42.050	41.775
Jun	46.200	46.300	46.400	46.025
Jul	45.800	45.850	45.900	45.700
Aug	44.600	44.600	44.800	44.450
Oct	41.000	40.975	41.000	40.750
Dec	42.600	42.625	42.600	42.600

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	38.700	38.300	38.950	37.900
Mar	38.775	38.400	39.000	38.100
May	39.925	39.650	40.250	39.325
Jul	40.400	40.175	40.600	39.750
Aug	38.700	38.300	39.950	38.700

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Franc shakes off attackers

THE FRENCH franc emerged shaken but not stirred yesterday following a week of sniping and skirmishing by speculators. Understated rearguard action by the Bank of France was enough to see off what amounted to little more than renegade hunting parties, *writes Peter John.*

Much of the recovery reflected a shifting of technical positions in the markets but there was some support from a statement by one member of the right-wing coalition expected to take power in March. Defending the government's strong franc policy, Mr Valery Giscard d'Estaing, the leader of the UDF said; "To consolidate this policy, I have asked the UDF shortly to table a bill to reform the Bank of France's statute and guarantee the central bank's independence."

Although an independent French bank is expected one foreign exchange dealer said: "Anything which focuses market minds on a monetary move that will strengthen the franc can only be helpful."

Dealers added that the Bank of France was once again dipping into the market, buying francs and selling D-Marks.

The franc, which had breached FFr3.42 against the D-Mark earlier, rallied yesterday from FFr3.4190 to a more comfortable FFr3.4150 before closing at FFr3.4160. It also dropped back from above the minus 75 percentage points level on the ERM's divergence indicator, the level at which some believe central bank intervention kicks in. In fact, there is no automatic response generated by the "magic" 75, it is merely a warning light.

There was a feeling by the close of trading in London that the week's assaults had not been backed by a significant weight of money and were merely a warm-up to a full scale attack in the New Year. Several economists have said that currency traders are not prepared to jeopardise the hefty bonuses earned during the sterling crisis in September. The situation is expected to change in January when dealers return with a fresh page to their trading books. However, one economist said; "There has to be some limit to the power of the speculators and when the fundamentals are strong they add to the case for the defence."

Elsewhere, currencies traded within recent ranges. The dollar recorded an early one pfennig gain but there was no fundamental support and it closed 30 basis points up at DM1.5655. On the downside, the pound saw some impact from the release of worse than expected lending figures and closed lower against the dollar, D-Mark and franc.

The D-Mark was mixed, gaining against a number of European currencies but easing against the yen and dollar.

£ IN NEW YORK

Dec 18	Latest	Previous Close
£ Spot	1.5655-1.5665	1.5790 1.5800
1 month	0.54-0.52pm	0.54 0.53pm
3 months	1.44-1.41pm	1.46 1.43pm
12 months	3.95-3.85pm	4.00 3.90pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 18	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	182.194	174.948	-3.98	5.45	64
Spanish Peseta	143.386	139.254	-2.88	4.26	47
Belgian Franc	40.6304	40.2569	-0.92	2.20	39
Dutch Guilder	2.21958	2.20086	-0.84	2.12	36
D-Mark	1.96992	1.95722	-0.64	1.92	34
Danish Krone	7.51410	7.55860	0.59	0.66	-33
Irish Punt	0.735334	0.740804	0.74	0.51	-39
French Franc	6.60683	6.68999	1.26	0.00	-77

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

STERLING INDEX

CURRENCY RATES

POUND SPOT - FORWARD AGAINST THE POUND

Dec 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5630 - 1.5750	1.5650 - 1.5660	0.54-0.52cpm	4.06	1.43-1.40pm	3.62
Canada	1.9925 - 2.0140	1.9955 - 1.9965	0.08pm-0.06cdis	0.09	0.03-0.18dis	-0.21
Netherlands	2.7525 - 2.7665	2.7525 - 2.7625	¼-½cdis	-1.09	¾-1¼dis	-1.45
Belgium	50.35 - 50.75	50.45 - 50.55	2-9cdis	-1.31	15-25dis	-1.58

CURRENCY MOVEMENTS

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

OTHER CURRENCIES

*Floating rate. Iran Official rate:£99.70 $66.20

EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 5-4⅞ per cent; three years 5⅝-5½ per cent; four years 6-5⅞ per cent; five years 6¼-6⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.5656	1.5602	1.5514	1.5405	1.5262
D-mark	2.4500	2.4459	2.4388	2.4303	2.4224
French Fr.	8.3675	8.3637	8.3576	8.3504	8.3411
Swiss Fr.	2.2075	2.2054	2.2024	2.1966	2.1815
Yen	193.00	192.39	191.35	189.93	187.30

EXCHANGE CROSS RATES

Dec 18	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta	Ecu
£	1	1.566	2.450	193.0	8.368	2.208	2.736	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	0.639	1	1.564	123.2	5.344	1.410	1.761	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	0.408	0.639	1	78.78	3.416	0.901	1.126	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	5.181	8.114	12.69	1000.	43.36	11.44	14.29	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	1.195	1.871	2.928	230.6	10.	2.639	3.296	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	0.453	0.709	1.110	87.41	3.790	1	1.249	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
N Fl.	0.363	0.568	0.888	69.98	3.034	0.801	1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	0.455	0.712	1.114	87.73	3.804	1.004	1.254	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C$	0.501	0.785	1.227	96.69	4.192	1.106	1.382	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	1.980	3.101	4.851	382.2	16.57	4.372	5.461	4356	3.952	100.	344.6	2.487
Pta	0.575	0.900	1.408	110.9	4.809	1.269	1.585	1264	1.147	29.02	100.	0.722
Ecu	0.796	1.247	1.951	153.7	6.662	1.758	2.196	1752	1.589	40.21	138.5	1.

Yen per 1,000: French Fr. per 10; Lira per 1,000: Belgian Fr. per 100; Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

MONEY MARKETS

French futures rally

A CLUTCH of gloomy economic pointers added weight to the belief that European interest rates will have to come down and ensured a strong performance in currency futures yesterday, *writes Peter John.*

In France, which has been dogged all week by devaluation worries as well as continued commitment by Germany to higher rates, March Pibor recovered a net 12 basis points on the day to close at 90.57.

The reversal was partially prompted by disappointing news on French industrial output which rose by a seasonally adjusted 0.8 per cent in October from September.

UK clearing bank base lending rate 7 per cent from November 13, 1992

The output rise sprang from higher energy production caused by cold weather and masked a slump in manufacturing. There was also a feeling that the rise was merely a "dead cat bounce", a rebound based on nothing more than a technical readjustment of positions and containing no fundamental optimism.

In the UK, M4 lending, the broad measure that includes bank and building society lending, had dropped in spite of an expectation that it would increase. The fall demonstrated that present low rates were still not sufficiently enticing to tempt borrowers and gave heart to rate cut enthusiasts.

The news was countered by comments from UK chancellor Mr Norman Lamont pledging his support to the status quo. Short sterling's gain to 93.41 was cut back to a net rise of 3 to 93.38, which was further eroded in after-hours trading. Volume was thin with only 10,000 lots recorded compared with 20,000 in the March Pibor and a similar amount in the March Euromark contract, which firmed five basis points to 92.09. Germany has been vociferous in its commitment to clinging to its high interest rates but most economists are convinced that the perilous state of the West German economy makes devaluation inevitable early next year.

Bank of England operations were more relaxed yesterday. The clearers, which have been unwilling to take up offers of assistance which would upset the year end balance sheet were more responsive.

The central bank forecast a liquidity shortage of around £1.55bn. The Bank provided early assistance of £569m, morning assistance of £378m and afternoon help of £465m. Finally, it gave about £170m of late assistance bringing total help for the day to £1.582bn.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.18)	3 months US dollars		6 months US Dollars
bid 3⅛	offer 3¼	bid 3⅜	offer 3½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime			
Prime rate	6	One month	3.21
Broker loan rate	5	Two month	3.22
Fed.funds	2¾	Three month	3.25
Fed.funds at intervention	-	Six month	3.44
		One year	3.71
		Two year	4.66

Dec 18	Overnight	One Month	Two Months
Frankfurt	8.75-8.85	9.10-9.25	9.05-9.15
Paris	9⅞-9⅞	11¾-12⅛	-
Zurich	5¼-5¾	6⅛-6⅜	-
Amsterdam	8.55-8.70	8.70-8.85	-
Tokyo	3⅞-3⅜	3⅜-3⅞	-
Milan	12⅛-12⅞	14¼	-
Brussels	8.56-8.68	8⅞-9⅛	-
Dublin	16-18	20-21	17½-18½

LONDON MONEY RATES

Dec 18	Overnight	7 days notice	One Month
Interbank Offer	7½	7⅞	7⅞
Interbank Bid	6	7⅛	7⅜

BANK RETURN

BANKING DEPARTMENT	Wednesday December 16 1992		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	96,771,781	-	16,176,388
Bankers Deposits	1,552,966,848	+	91,248,343
Reserve and other Accounts	3,959,310,704	+	235,631,741
	5,623,602,333	+	310,701,696
ASSETS			
Government Securities	1,236,988,175	+	149,844,999
Advance and other Accounts	3,934,776,049	+	158,592,955
Premises Equipment & other Secs	443,129,457	+	655,583
Notes	8,470,152	+	1,573,829
Coin	260,600	+	34,330
	5,623,602,333	+	310,701,696
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	17,541,529,948	+	578,426,171
Notes in Banking Department	8,470,052	+	1,573,829
	17,550,000,000	+	580,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	7,796,745,108	+	629,962,822
Other Securities	9,742,239,792	-	49,962,822
	17,550,000,000	+	580,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	7	Cyprus Popular Bank	7	Mount Banking	7
Allied Trust Bank	7	Duncan Lawrie	7	NatWestminster	7
AIB Bank	7	Equatorial Bank plc	7	Northern Bank Ltd	7
●Henry Ansbacher	7	Exeter Bank Limited	8	Nykredit Mortgage Bnk	7.5
B & C Merchant Bank	13	Financial & Gen Bank	7	●Rea Brothers	7
Bank of Baroda	7	●Robert Fleming & Co	7	Roxburghe Bank Ltd	9
Banco Bilbao Vizcaya	7	Girobank	7	Royal Bk of Scotland	7
Bank of Cyprus	7	●Guinness Mahon	7	●Smith & Williamson Secs	7
Bank of Ireland	7	Habib Bank AG Zurich	7	Standard Chartered	7
Bank of India	7	●Hambros Bank	7	TSB	7
Bank of Scotland	7	Hampshire Trust Plc	13.5	Unibank plc	7
Barclays Bank	7	Heritable & Gen Inv Bk.	7	●United Bk of Kuwait	7
Brit Bk of Mid East	7	●Hill Samuel	7	Unity Trust Bank Plc	7
●Brown Shipley	7	C. Hoare & Co	7	Western Trust	7
CL Bank Nederland	7	Hongkong & Shanghai	7	Whiteaway Laidlaw	7
Citibank NA	7	Julian Hodge Bank	7	Yorkshire Bank	7
City Merchants Bank	7	●Leopold Joseph & Sons	7		
Clydesdale Bank	7	Lloyds Bank	7		
Co-operative Bank	7	Meghraj Bank Ltd	7		
Coutts & Co	7	McDonnell Douglas Bk.	7		
Credit Lyonnais	7	Midland Bank	7		

● Members of British Merchant Banking & Securities Houses Association

MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

CORRECTION

REPEAT CALL TO TENDER FOR THE HIGHEST BID FOR THE PURCHASE OF "E.G.L. PAPER MANUFACTURING OF WESTERN GREECE S.A."

In the announcement concerning the above which appeared in the issues of 28th and 30th November 1992, the following paragraph was omitted from the published text between paragraphs 4 and 6:

"5. Envelopes containing the binding offers shall be unsealed by the above-mentioned Notary Public, in her office, on the 22nd December 1992 at 13.00 p.m. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed attesting to the unsealing of the binding offers."

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 2004

Treasury 13¾% Stk 2000/03 – £130¼
Exchequer 10½% Stk 2005 – £114⅝ (15De92)
Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) – £124⅝

Corporation and County Stocks

No. of bargains included 2

UK Public Boards

No. of bargains included 3

Foreign Stocks, Bonds, etc-(coupons payable in London)

No. of bargains included 102

Flg Rate Nts 1995 (Br£10000&100000) – £99⅝ 99⅞ (11De92)
FlgRateNts 1996(2nd Ser)(Br£5000&50000) – £98⅝ 99 (11De92)
New Zealand 9¾% Nts 1993 – £100⅜ (15De92)
Nippon Telegraph and Telephone Corp 8¾% Nts 1997 (Br $ Var) – $100⅜ 100⅜
Northumbrian Water Group PLC 9¼% Bds 2002 (Br £ Var) – £101 (16De92)
Norway (Kingdom of) 7.25% Nts 1998(Br

Sterling Issues by Overseas Borrowers

No. of bargains included 13

Listed Companies(excluding Investment Trusts)

Miscellaneous Warrants

No. of bargains included nil

USM Appendix

Rule 535(2)

No. of bargains included 16

Francistown Min&Ex(Jersey)Ld Ord $0.01 – $2.65 2.78 2⅞ (15De92)
Grampian Television PLC Ord 10p – £1.54 (15De92)
Greenstar Hotels PLC Ord 10p – £0.34
Guernsey Gas Light Co Ld Ord 10p – 247½ (14De92)
Hill Samuel Inv Serv Int European Equity Fd – £5.567632 (15De92)
INVESCO MIM International Ld Japan Income & Growth – £1.36

RULE 535 (4) (a)

Malayan Cement M$4.83 (16/12)
National Electronics (Consolidated) 3
North Flinders Mines A$4.11
Oil Search 26
Samantha Hldgs. A$1.15
Sapphire Mines 2 (15/12)
Singapore Land S$3.9 (16/12)
Storer Communications S$278.17
United Overseas Land S$0.378 (15/12)
Valiant Consolidated A$0.1289
Wattle Gully Gold Mines A$0.362 (15/12)

By Permission of the Stock Exchange Council

Investment Trusts

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LONDON STOCK EXCHANGE

Footsie near peak on recovery hopes

By Terry Byland, UK Stock Market Editor

Account Dealing Dates		
*First Dealings:		
Nov 30	Dec 14	Jan 4
Option Declarations:		
Dec 10	Dec 30	Jan 14
Last Dealings:		
Dec 11	Dec 31	Jan 15
Account Day:		
Dec 21	Jan 11	Jan 25

*New time dealings may take place from 8.30am two business days earlier.

A WAVE of optimism swept through the London stock market yesterday, brushing aside all previous forecasts for the 1992 year-end and bringing about one of the busiest trading sessions since Britain quit the ERM in mid-September. The institutions jumped down off the fence and rushed to build "recovery portfolios" of stocks thought likely to respond quickly if the UK economy achieves the expected recovery next year.

The FT-SE Index opened steadily but then surged ahead after the expiry of the current stock index future contract was completed. At the close, the FT-SE Index was 49.4 points up at 2,789.7, virtually the day's peak and within three points of the all-time closing high achieved on December 2. The March contract on the Footsie, which has now become the lead futures security, moved above 2,800.

But a bigger rise, in percentage terms, was achieved by the FT-SE Mid 250 Index which jumped by 2 per cent to 2,783.6, outpacing the FT-SE 100 Index for the second consecutive session. Confidence in economic recovery next year prompted the institutions to buy a range of capital goods stocks which feature in the FT-SE Mid Index list. Seaq volume increased to 940m shares from Thursday's 835m.

Yesterday's gain in the stock market reversed the calmer trend seen earlier this month as the institutions reduced equity trading ahead of the Christmas break. Sentiment benefited yesterday from a favourable monthly report of business opinion from the Confederation of British Industry, and from money supply statistics regarded as supportive of interest rate optimism.

Last night's final reading showed a gain on the Footsie of 73.5 points or 2.7 per cent over the week.

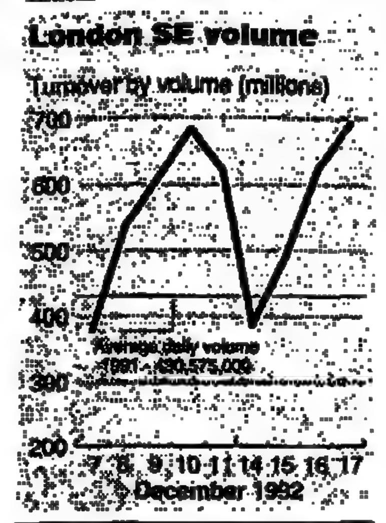
Many strategists admitted to bewilderment at the sudden change of mood in the market, which appeared to overlook doubts about the pace of any economic recovery.

The Footsie Index, having at present left far behind predictions that it would close around 2,700 on new year's eve this year, is now within a few points of many forecasts for new year's eve 1993.

The stress on second tier stocks, largely neglected early this year when institutions feared being caught in stocks difficult to sell in bear markets, appears particularly encouraging. But small losses in government bonds yesterday reflected concerns over sterling and domestic inflation.

- Retail business has increased strongly as the emphasis has turned to the second tier stocks which feature in the FT-SE Mid 250 Index.

London SE volume



FT-SE Actuaries Share Indices — THE UK SERIES

	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14	Year ago	1992 High	1992 Low	Since compilation High	Since compilation Low
FT-SE 100	2789.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Mid 250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A 350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINANCIAL TIMES EQUITY INDICES

	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14	Year ago	*High	*Low
Ordinary share	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ord. div. yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Earning yld % full	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P/E ratio net	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P/E ratio nil	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gold Mines	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Takeover hints boost Sun

A SUDDEN burst of heavy buying interest in Sun Alliance, the composite insurance group, triggered a strong rise in the shares as the market responded to what was perceived as the whiff of stake-building, perhaps a prelude to takeover moves.

The stock jumped 16 to 344p, within a whisker of the year's high of 350p. Takeover speculation flared after several abnormally large individual trades appeared on the Seaq ticker. Deals included 4m shares at 340p, 3.6m at 340p and 4m at 340½p. A block of 4m shares would represent around 0.5 per cent of the equity.

Turnover finally totalled 16m shares, the heaviest day's activity since mid-September, when the insurance group sold its 60m share stake in Commercial Union. Before that, turnover in Sun Alliance had never topped the 14m mark since the mid-1980's.

The strength of yesterday's buying interest led to stories of stakebuilding moves. Favourite names for a move against Sun Alliance included French insurance companies AXA, AGF and UAP and Germany's Allianz. Analysts doubted the likelihood of a bid from either Allianz or UAP but saw strong possibility that Eagle Star, subsidiary of BAT Industries, might strike.

Heavy trade in Asda

Food retailer Asda Group recorded its biggest ever daily turnover after turning in results well ahead of market expectations, prompting a welter of profit upgrades from analysts. Over 100m shares were traded, the price lifting 7½ to 61p, as dealers reported good two-way business.

Asda shares, which have risen from a low of 23p in early August, have generated consistent high turnover as investors have been split between those believing in the recovery potential and those deciding to take profits on last year's rights issue price of 35p.

Yesterday it was the recovery story which found most favour following the turnaround in Asda's fortune from a £68.8m interim loss into profits of £54.8m. The market had been expecting profits of around £40m. Analysts lifted full-year forecasts from around £105m to a range of £120-135m.

However, while applauding the group's performance, analysts also struck a note of caution. Advising a hold on the shares, Mr Andrew Burnett at County NatWest said that the difficult trading conditions in the food retail sector would impinge on Asda's earnings growth potential over the next two years. Others warned that it was also likely to be affected by its relatively low capital expenditure on new stores.

The Ofgas recommendation for a break-up of British Gas continued to stimulate demand for Gas shares which moved up 3½ more to 276½p on 8.8m

BP, meanwhile, were aggressively bought by US investors amid stories that a number of the leading US brokerages are about to issue strong buy notes on the company. American investors speak for almost 22 per cent of BP shares.

US analysts see the company as one of the most highly geared recovery plays in the oil sector, although this is not the view adopted by many UK oil analysts. BP shares moved up 6 to 229p on heavy turnover of 12m. American buying spilled over into Shell where the shares rose 7 to 551p on 3.7m

Burmah Castrol's strong run gathered pace with the recent BZW buy recommendation uncovering a stock shortage and driving the shares up 19 to 722p.

Some sizeable switching operations, out of both classes of HSBC stock – because of the recent bearish news emanating from Hong Kong and the sell note from County NatWest – brought renewed pressure to bear on HSBC London-registered stock, down 7 at 459p and the Hong Kong registered stock, down 11 more to 442p. Standard Chartered also reflected the unease about Hong Kong and dropped 4 to 546p. Barclays marked time at 379p as analysts chopped current year forecasts.

But Lloyds, 10 higher at 508p, and NatWest, 7 firmer at 406p, were beneficiaries of the switching, as were Royal Bank of Scotland, 11 higher at 210p.

Rumours surrounding Sun Alliance prompted good support for Commercial Union, 10 up at 608p, and General Accident, the same amount higher at 570p.

The building materials and contracting sectors of the market attracted buying interest as institutions responded to analysts' suggestions that the turning point in the housing market could have arrived.

The Royal Institute of Chartered Surveyors has published a report suggesting a more promising outlook for the housing market. Blue Circle, boosted by a a mixture of takeover speculation and recovery hopes, jumped 15 to 201p.

Strong buying ahead of an anticipated economic recovery was seen in British Aerospace. The shares jumped 14 to 167p.

Selling in the traded options led to a fall in Rolls-Royce shares in the last half hour of trading. They fell 5¼ to 108¾p, with sentiment further weakened by a profits downgrading from broker Williams de Broe.

Discussions with analysts suggesting British Airways was unlikely to have a rights issue to pay for its 25 per cent stake in Australian airline Quantas led to strong demand for the stock. They jumped 15 to 296p, in trade of 4.7m.

The EC agreement on banana imports sent shares in Geest soaring. One analyst estimated that earnings in the fruit producer could rise by as much as 50 per cent from 1994 as a result. The shares jumped 53 to 343p.

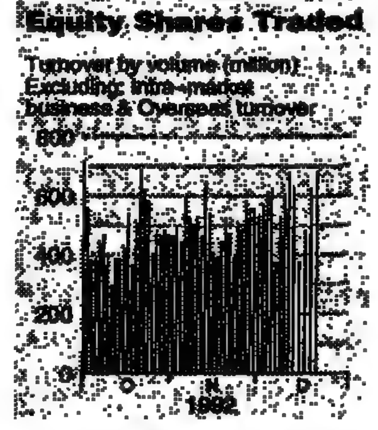
Heavy trading in Queens Moat Houses saw the shares move forward as several houses turned buyer of the stock.

The shares had been weak all week after BZW, the hotel group's joint broker, downgraded. However, after a series of presentations from the company, some felt the price fall to be overdone and yesterday Paribas, County NatWest and Hoare Govett were among those recommending the stock. The price rose 4 to 38p in turnover of 18m.

The decision not to award the Channel 5 licence to Thames Television sent the shares reeling, down 22 at 158p. Carlton Communications was heartened by the news, adding 21 to 739p.

FT-A All-Share Index

Equity Shares Traded



London Share Service

We regret that, because of technical difficulties, last Saturday's Financial Times showed closing London share prices for Thursday December 10 instead of Friday December 11. We apologise to readers for this. Prices for December 11 were published in the FT of Monday December 14 as normal.

MARKET REPORTERS:
Joel Kibazo,
Christopher Price,
Steve Thompson.

■ Other market statistics, Page 9

NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (170).

AMERICANS (4) Amer. Express, Bell Atlantic, Dana, Lowe's, Rockwell, Sun Co., BANKS (6) Bank Scot., Dai Ichi, Mitsubishi, NatWest, Royal Bank of Scot., Sumitomo, BUILDING MATERIALS (1) Wolseley, BUSINESS SERVICES (4) Brit. Data Man., Inchcape, Johnson Cleaners, Salvesen (Christian), CHEMICALS (2) Croda, Wolstenholme Rink, CONGLOMERATES (2) Brierley, Wassall, CONTRACTING & CONSTRUCTION (2) Barratt Dev., NSM, ELECTRICALS (3) Jones Stroud, Mitsubishi, Toshiba, ELECTRICITY (2) Scot. Hydro-Elect., Scot. Power, ELECTRONICS (13) Astec (BSR), Slick, CrayEL, Diploma, Eurotherm, GEC, Learmonth & Burchett, Ledoon, Linx Printing, Macro 4, Meys, Multitone, Nesco, ENGINEERING AEROSPACE (1) Smiths Inds., ENGINEERING GENERAL (9) FKI, Fairey, Halma, Protean, Rotork, Rotork, Siebe, VSEL Consrtm., Vosper, FOOD MANUFACTURING (4) Assoc. Br. Foods, Nestle, Do. Reg., RHM, FOOD RETAILING (3) ASDA, Argyll, Kwik Save, Morrison (Wm) 5¼pc Pf., Sainsbury, HEALTH & HOUSEHOLD (3) AAH, Elan, UniChem, HOTELS & LEISURE (2) City Centre Rests., Vardon, INSURANCE COMPOSITE (2) Domestic & Gen., Royal Insce., INSURANCE LIFE (6) Britannic, Legal & Gen., Refuge, Transatlantic, Do. 8 6pc Pf., Utd. Friendly B, INVESTMENT TRUSTS (32) Anglo & O'seas, Brit. Assets, Fleming Inc. & Cap. Units, Broadgate, Electric & Gen., For. & Col., For. & Col. Enterprise, Gartmore Scot. Zero Div. Pf., Gartmore Value Zero Div. Pf., Greenfriar, Govett Amer. Smaller Co's., Henderson Highland, Kleinwort Endowment Policy, Law Debenture, M & G Cap., Merlin Intl. Green, Murray Intl., Pantheon Intl. Part., Do. Warrants, Personal Assets, Primadona, Scot. Amer., Scot. Eastern, Scot. Mortgage, Scot. Value, Selective Assets Ln., Do. Ser. II, Sphere Zero Div. Pf., TR Tech. Stepped Pf., Temple Bar, Venturi Cap. Index, Venturi Geared, MEDIA (14) Avesco, Carlton Comms., Central ITV, Daily Mail A, EMAP, Flextech, Headline Book, Reed Intl., Reuters, TVS Ent., Do. 7.4pc Pf. 2008, Telegraph, Utd. News., Waymoughs, METAL & METAL FORMING (1) Johnson Matthey, MISCELLANEOUS (4) Airsprung Furn., BAT Inds., Danka Bus. Sys., Lincat, MOTORS (3) First Tech., Lex Service, Trinity, OIL & GAS (1) Burmah Castrol, OTHER FINANCIAL (8) Caledonia, Cattle's, Prov. Financial, Invesco MIM, Do. Spc 1985-2000, S & U, Tyndall Aust., Do. Options, OTHER INDUSTRIAL MATERIALS (10) BTR, Do. Warrants, Do. Warrants 1992/93, Do. Warrants 1994/95, Do. Warrants 1995/95, Charter Cons, Cookson, McKechnie, Renishaw, Staveley Inds., PACKAGING, PAPER & PRINTING (6) API, Bowater, Do. 7¼pc Pf., Macfarlane, St. Ives, PROPERTY (2) Lon. Merchant Sec. Dfd., Southend Stadium 5½pc Pf., STORES (5) Asprey, Burton, Country Casuals, Next, Smith (W.H.) A, TELEPHONE NETWORKS (1) Cable & Wireless, TEXTILES (3) Claremont Grmts, Courtaulds Text., Shani, TRANSPORT (4) Dawsongroup, Forth Ports, Mersey Docks & Harbour, Tibbett & Britten, WATER (3) Cheam A, East Surrey, Northumbrian, MINES (1) Antofagasta.

NEW LOWS (15).

CONTRACTING & CONSTRUCTION (1) BB & EA, ELECTRONICS (1) Molynx, ENGINEERING GENERAL (2) Torday & Carlisle, Vortex Energy, HOTELS & LEISURE (1) Zetters, INVESTMENT TRUSTS (1) Drayton Blue Chip, MEDIA (1) Home Counties, METAL & METAL FORMING (1) Sycamore, MISCELLANEOUS (2) Erskine House, Pittard Garnar, OIL & GAS (2) Bow Valley, New London, PROPERTY (1) Derwent Valley, TEXTILES (1) Lister, TRANSPORT (1) IoM Steam.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	6	29	45	129	139	132
Other Fixed Interest	0	3	12	20	17	38
Commercial, Industrial	630	96	700	2,125	823	4,168
Financial & Property	300	50	447	896	364	2,729
Oil & Gas	26	7	52	77	56	292
Plantations	1	0	8	2	1	42
Mines	21	16	104	98	128	479
Others	63	16	30	182	197	193
Totals	1,047	217	1,398	3,529	1,725	8,073

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing price	Day's change
Hillsdown	4,600	137	+7
IMI	1,100	292	+7
ICI	2,300	1025	+16
Inchcape	1,100	541	+21
Kingfisher	1,000	584	+19
Kwik Save	385	602	+11
Ladbroke	4,080	184	+6
Land Securities	1,700	448	+10
Laporte	468	643	+12
Legal & General	895	432	+11
Lloyds Abbey	1,000	401	+8
Lloyds Bank	3,000	506	+10
LASMO	5,200	142	+5
London Elect.	536	421	+10
Reuters	607	1383	+26
Rolls Royce	8,600	108½	-5¼
Rothmans	357	651	+21
Ryl Bk Scotland	6,900	210	+11
Royal Insurance	5,909	291	+8
Saatchi	495	151	
Sainsbury	2,100	552½	+17½
Scottish & New.	961	466½	+11½
Scot. Hydro-Elect.	1,000	238	+8
Scottish Power	1,800	238	+8
Sears	4,800	102	+3½
Sedgwick	3,100	172	+3
Seaboard	463	452	+8
Severn Trent Water	1,400	482	+5
United Biscuits	1,800	352½	+15½
Utd. Newspapers	408	512	+6
Vodafone	2,000	416	+3
Warburg (SG)	265	517	+9
Wellcome	8,300	1009	-3
Welsh Water	1,200	530	+1
Wessex Water	186	588	+4
Whitbread 'A'	2,700	471½	+4½
Williams Hldgs.	2,500	320	-1
Willis Corroon	1,900	190	+6
Wimpey	1,100	116	+8
Wolseley	729	683	+7
Yorkshire Elect.	65	478	+5
Yorkshire Water	566	540	+10

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

THE DERIVATIVES sector experienced a busy session as both the December Footsie futures and the index options of the same month expired, and economic recovery prospects led to good buying, writes Joel Kibazo.

Rolling out of the December futures contract on the FT-SE and into March dominated the first half of the morning. At the expiry of the December contract at 10.30am, it stood at 2,757 and some 3,383 contracts had been traded ahead of its close.

Economic recovery prospects led to healthy demand for the March contract and helped pull the underlying cash market higher. The contract traded at a premium throughout the session and at the day's peak it recorded a premium of around 35 points.

March closed at 2,815, around 7 points above its estimated fair value premium to cash of about 19. Turnover was good, reaching 8,324 lots.

In the traded options, it was the expiry of the December index options which led to increased turnover, reaching 43,515 lots by the close.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	106.8127	+0.133	8.84	8.79	8.91
BELGIUM		8.750	06/02	104.8500	-	7.99	7.96	8.10
CANADA *		8.500	04/02	103.0500	+0.300	8.02	7.98	8.07
DENMARK		9.000	11/00	99.8000	+0.150	9.06	8.85	8.83
FRANCE	BTAN	8.500	03/97	100.7452	+0.347	8.26	8.15	7.96
	OAT	8.500	11/02	101.4650	+0.640	8.27	8.20	8.06
GERMANY		8.000	07/02	104.3000	+0.330	7.36	7.39	7.39
ITALY		12.000	05/02	92.7000	+0.180	13.83†	13.62	13.39
JAPAN	No 119	4.800	06/99	101.3061	-0.001	4.54	4.49	4.54
	No 145	5.500	03/02	105.7711	+0.065	4.61	4.60	4.67
NETHERLANDS		8.250	09/02	105.4300	+0.200	7.42	7.43	7.53
SPAIN		10.300	06/02	88.0000	+0.250	12.60	12.60	12.39
UK GILTS		10.000	11/96	106-30	-	7.33	7.33	7.12
		9.750	08/02	108-24	-1/32	8.40	8.37	8.32
		9.000	10/08	102-27	-	8.66	8.64	8.69
US TREASURY *		6.375	08/02	97-09	-	6.76	6.78	6.81
		7.625	11/22	102-04	-9/32	7.45	7.44	7.53
ECU (French Govt)		8.500	03/02	98.0350	+0.471	8.81	8.83	8.85

London closing, *denotes New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.) Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Friday December 18 1992

Water	+	50.22	Packaging, Paper & Printing	+	9.73
Electronics	+	35.93	Consumer Group	+	9.37
Food Retailing	+	35.55	Business Services	+	7.21
Banks	+	34.90	Engineering-General	+	7.01
Other Industrials	+	29.43	Brewers & Distillers	+	6.21
Media	+	29.09	Merchant Banks	+	6.01
Electricity	+	26.59	Food Manufacturing	+	5.77
Motors	+	25.18	Electricals	+	5.56
Insurance (Composite)	+	21.92	Conglomerates	+	5.23
Textiles	+	21.68	Hotels & Leisure	+	1.82
Other Groups	+	18.86	Metals & Metal Forming	+	1.41
Financial Group	+	18.65	Chemicals	-	0.77
Telephone Networks	+	18.44	Building Materials	-	1.78
Insurance (Life)	+	17.85	Health & Household	-	3.39
Stores	+	17.56	Oil & Gas	-	3.46
Transport	+	16.88	Engineering-Aerospace	-	11.30
Capital Goods	+	14.39	Contracting, Construction	-	17.79
Industrial Group	+	13.24	Property	-	18.89
All-Share Index	+	12.20	Insurance Brokers	-	19.35
500 Share Index	+	11.27	Gold Mines Index	-	52.50
Investment Trusts	+	10.61			

COMMODITIES

WEEK IN THE MARKETS

Options factor aids gold price rise

A TRUCE appeared to have been called yesterday in the battle between holders and granters of gold options.

The theatre of operations in this week's conflict had been the area just below $340 a troy ounce. Above that level many call (buy) options written for the year's end would be "in the money" – ie. holders would be able to declare them and sell the gold warrants they received at a profit.

That began to appear a real possibility in the middle of the week when modest buying in a very thin market helped the price to break out of its recent narrow trading range and reach $339.05 an ounce at one point. Alarmed options granters were quick to muster their defences, however. Determined selling on Thursday afternoon capped the upsurge and by the end of the day the London bullion market price was back to 338.35. That was enough to persuade the buyers to take a back seat yesterday, and by the close the price was $337.15 an ounce, down $1.20 on the day but still $2.15 up on the week.

Traders did not rule out a renewed assault on the $340 barrier next week, however, although they thought the fact that many operators had closed their books for 1992 might result in this being delayed until the new year. A breach of the resistance level could be followed by a quick rise to $342 an ounce, or even $344, as holders declared their buying options and granters were forced to cover, they said.

Platinum followed gold's lead until it was trimmed back yesterday. The price reached $365.50 an ounce on Thursday before slipping to $363.50, down 25 cents on the week at yesterday afternoon's London fixing. Chartists said platinum prices were consolidating and a challenge of recent highs should occur in due course, with the longer term objective at $380 to $385 an ounce.

The main feature at the London Metal Exchange this week was the aluminium market's continued strength in defiance of further big rises in exchange warehouse stocks, which saw the three months delivery price peak on Thursday at $1,247 a tonne. News of a 17,750-tonne rise in stocks to 1,519,900 tonnes sparked a bout of profit-taking in early trading yesterday, but the market quickly found support and the three months price closed $1 up on the day at $1,244.25 a tonne, up $15.75 on the week.

Traders suggested to the Reuter news agency that the stock rise, which followed one of 8,375 tonnes announced on Tuesday, was partly attributable to a sizeable inflow of metal to LME-registered warehouses in the US, where there are signs of economic recovery.

The upsurge in zinc stocks was also continued, with the total rising by 17,950 tonnes on the week to 450,125 tonnes. Prices held up well, aided by aluminium's strength, until the abandonment of a squeeze attempt yesterday allowed the three months price to subside $6 to $1,068.50 a tonne, down $10.75 on the week.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+17,750	to 1,519,900
Copper	+5,350	to 337,325
Lead	+3,375	to 212,800
Nickel	+96	to 67,194
Zinc	+10,350	to 450,125
Tin	+30	to 14,710

Robusta coffee prices built cautiously on their recent strength before putting on a spurt yesterday at the London Futures and Options Exchange to close at a 13-month high of $1,055 a tonne for March delivery, up $31 on the week.

Dealers said some participants, who had been waiting for a dip to buy, appeared to have run out of patience and entered the market early in the day. They added that the next upside objective was for the nearby arabicas price in New York to breach the psychologically-important 80-cents-a-lb mark. That could encourage renewed buying interest among investment fund managers, they suggested.

In contrast cocoa futures continued their downtrend, the March position adding £13 to last week's £36 decline to test support at about £657 a tonne. The price drifted to within £7 of that level before staging a modest recovery and closed yesterday at £672 a tonne, down £13 on the week. Dealers said talk of continued high West African arrivals had helped to keep the market under pressure.

Oil prices regained some of their lost ground this week as a consensus began to emerge that the market had bottomed, a view supported in midweek by the president of the Organisation of Petroleum Exporting Countries. Traders were not looking for a strong recovery, however, until the market saw evidence of actual production cuts by Opec members.

The price rise, which was aided by a Nigerian announcement of a 10 per cent production cut, lifted the March crude oil futures price at London's International Petroleum Exchange from $18.05 a barrel at the end of last week to $18.64 at Thursday's close. Profit-taking trimmed futures yesterday although the physical oil market remained firm.

Richard Mooney

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 - 379 - 0444.

FT MANAGED FUNDS SERVICE

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Sharp (Albert E.) & Co (1000)F

Whittingdale Unit Tst Mgmt Ltd (0830)F

AEGON Life Assurance Co (UK) Ltd

Cannon Assurance Ltd—Contd.

Crown Financial Management Ltd—Contd.

Guardian Royal Exchange—Contd.

Legal & General—Contd.

Midland Life Limited

Shepherds Unit Trust Mngmt Ltd (1200)F

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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Prolific Life & Pensions Ltd
Strawberry Kendall Cumbria LA9 4UB 0539 733733

Reliance Mutual
Reliance House, Tunbridge Wells Kent 0892 510033

	Bid Price	Offer Price	+ or -	Yield Gross
Deposit Acc Fd	167 4	176 3	+0 1	–
Equity Acc Fd	389 5	410 0	+4 3	–
Managed Acc Fd	342.5	360 6	+4 6	–
Prop Fd (1st Issue)	–	614 1		–
Prop Acc Fd (2nd Iss)	119 6	125 9	-0 7	–
Unit Trust Mn Fd.	150 5	158 4	+0 6	–
RL Pension Funds				
Deposit Acc	242.8	255 6	+0 1	–
Equity Acc.	287 1	302 2	+4.2	–
Fixed Int Acc.	243 6	256 4	+1 0	–
Gilt Indx Lnk Acc.	181 2	190 8		–
Managed Acc	374 7	394 5	+4 2	–

J Rothschild Assurance PLC
J Rothschild House, Dollar Street, Cirencester
Telephone 0285 640302 Helpline: 041 307 6500

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
JRA/M&G Managed	109.1	114 9	+0.70	–
JRA/Scottish Amicable Mngd	105 7	111.3	+0.80	–
JRA/St James Place Mngd	112 1	118.0	+1 40	–
Deposit	99 90	105 2	+0.10	–
Far East	107 1	112.8	+0 80	–
Gilts	104 6	110 2	+0.10	–
Greater European	105.5	111.1	-0.40	–
North American	125 0	131 6	+1 90	–
UK Equity	109 6	115 4	+0 80	–
Pension Funds				
JRA/M&G Managed cap	106.7	112.4	+0.80	–
JRA/M&G Managed acc	110.1	115 9	+0.80	–
JRA/Scottish Amicable Mngd cap	102 5	107 9	+0 80	–
JRA/Scottish Amicable Mngd acc	105.8	111.4	+0.90	–
JRA/St James Pl Mngd cap	113.8	119 8	+0 50	–
JRA/St James Pl Mngd acc	117 4	123 6	+0 50	–
Deposit cap	99.90	105 2	–	–
Deposit acc	103.0	108 5		–
Far East cap	102 4	107 8	+0 80	–
Far East acc	105 7	111.3	+0 90	–
Gilts cap	102.5	107.9	+0.20	–
Gilts acc	105 8	111 4	+0.20	–
Greater European cap	104 7	110.3	-0.30	–

MANAGEMENT SERVICES

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

GUERNSEY (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. ... (071) 925-2128.

	Bid Price	Offer Price	+ or -	Yield Gross
IBT Global Funds Limited				
Intl Stlg Grth	£20.05	21.12	----	-
Intl $US Grth	$17.85	18.80	----	-
High Income Gilt	£25.88	26.83	----	-
International Equity	£20.35	21.43	----	-
International Bond	£22.45	23.27	----	-
Managed Currency	£27.51	27.79	----	-
Sterling Currency	£26.50	26.78	----	-
US$ Currency	$37.77	38.16	----	-
Irish £ Currency	I£15.23	15.40	----	-
R & H Fund Managers Ltd				
LFM Sterling Fd	£11.05	11.92	----	-
B.F. Offshore Inc Fd Ltd	£11.42	12.09	----	-
Target International (Isle of Man) Ltd				
IMC Offshore Fd	£9.07	9.60	----	-
Nelson Mims NJW 5.5	£9.00	9.36	----	-

	Bid Price	Offer Price	+ or -	Yield Gross
Lloyds Bank Trust Co (CI) Mngrs				
Lloydstrust World Inv Port	£2.442	2.565	----	1.32
Dealing weekly on Thursday				
Management International (Jersey) Ltd				
Anchor Gilt Edge (z)	£9.92	9.97	+0.01	9.43
Minerals, Oils Res. Shrs. Fd. Inc.				
Moran Dec 17	$13.31	13.99	----	2.94
Nat. Westminster Jersey Fd. Mgrs. Ltd				
Sterling Income (z)	53.7	56.0	----	8.01
UK Equity Fd (z)	216.2	230.0	+0.02	2.70
*Intl Bond Fd	96.0	99.0	----	7.07
*Sterling Mngd Asset Fd	540.9	570.0	----	5.00
*Sub. day every Thurs.				
NatWest Trust Co Currency Fund Ltd				
Dollar Class		$38.1753	+0.0113	-
Sterling Class		£26.9596	+0.0053	-
D-Mark Class		DM83.6697	+0.0100	-
Dutch Guilder Class		Dfl83.0990	+0.0161	-
Japanese Yen Class		Y7964.4594	+0.6186	-
Northgate Unit Tst. Mngr. (Jersey) Ltd				
Pacific Fund Dec 17	$35.22	35.33	----	-
Perpetual UT Mngrs (Jersey) Ltd				
Offshore Intl Grth Fd	$3.7860	4.0254	----	-
Offshore Japanese Grth Fd	$0.9460	1.0054	----	-
Offshore Am Grth Fd	$6.4158	6.8181	----	-
Offshore Emerging Cos	$3.6286	3.8540	----	-
Offshore European Fd	$1.4622	1.5539	----	-
Offshore Global Bond	$0.9600	1.0000	----	-
Offshore Global Bond Acc	$0.9600	1.0000	----	-
Offshore Far Eastn Fd	$2.1961	2.3338	----	-
Offshore UK Growth Fd	$1.9743	2.0981	----	-
The Portugal Fund Limited				

JERSEY (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Fund Managers (CI) Ltd						
PO Box 468 St Helier Jersey 0534 36633						
AIB Currency Funds Ltd						
Intl Managed Bond	5		I£-21.0421	21.0567	----	-
Managed Capital Bd	5		I£-21.2350	21.2570	----	-
AIB Gaelfund Currency Fund Limited						
Stlg Mngd Currency	5		£-	10.9830	----	-
Sterling Currency Fd	5		£-	10.5424	----	-
Ecu Currency	5		Ecu-	10.7128	----	-
US Dollar Mngd Curr	5		$-	21.5547	----	-
Barclays International Funds						
PO Box 152, St Helier, Jersey CI 0534 67880						

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:30 pm)

December 18	US$	+ or −
AAR Corp	11⅞	−⅛
AMP Inc	56⅛	+1⅛
AMR Corp	63⅞	+⅞
ASA	32⅛	−⅛
Abbott Labs	32⅝	+⅝
Acme Cleveland	8⅝	+⅛
Advanced Micro	18⅜	+⅜
Aetna Life	46½	−⅛
Affiliated Publ	11⅝	+⅜
Aflac	34	+⅛
Ahmanson (HF)	16	....
Air Prod & Chemical	47⅞	+⅛
Alberto-Culver B	25⅞	+⅜
Albertson's	53	+⅛
Alcan Aluminum	17¼	+¼
Alco Standard	36¼	+⅜
Alexander & Alex	26	−1⅛
Alex & Baldwin	23¼	−¼
Allegheny Power	46⅞xd	....
Allied Signal	60¼	+2⅛
Aluminum Co of Am	72	+¾
Amax	15¼	+⅛
Amdahl Corp	6⅞	−⅛
Amerada Hess	47⅜xd	+⅜
Amer Brands	41⅞	+⅛
Amer Cyanamid	57⅞	+1⅛
Amer El Power	32¼	+¼
Amer Express	24¾	....
Amer Genl Corp	53⅜	−⅛
Amer Greetings A	47¾	+⅜
Amer Home Pr	72⅞	+⅝
Amer International	120⅞	+1⅛
Amer Natl Ins	51	+1½
Amer Stores	46¼xd	+1⅝
Amer T & T	49⅝	+⅝
Ameritech	71¾	+⅜
Ametek Inc	16⅛	+⅛
Amoco	51⅞	+⅜
Analog Devices	15	....
Anheuser-Busch	59¾	+⅞
Aon Corp	32⅜	−⅜
Apple Computer	58½	+1⅜
Archer Daniels	26⅞	+⅞
Arkla	8½	....
Armco	6⅛	+⅛
Armstrong World	30⅛	+⅜
Asarco	22⅞	....
Ashland Oil	26⅜	+⅜
Atlantic Richfield	116	+1¼
Auto Data Pro	54⅜xd	+⅛
Autodesk	47¾	−⅜
Avery Dennison	27⅛	−⅜
Avnet Inc	34¼xd	−⅛
Avon Products	55⅛	−⅛
Balrnco Corp	7½	+⅛
Baker Hughes Inc	18⅞	−⅛
Ball Corp	34½	....
Bally	6¾	−⅛
Baltim Gas & El	23¼xd	+⅜
Banc One	49⅜xd	+⅜
Bandag	60⅛xd	−1
BankAmerica	47	+1⅛
Bank of Boston	25	+⅛
Bank of New York	53⅛	+1
Bankers Trust NY	65⅞	....
Barclays plc ADR	23¼	−½
Barnett Banks	41⅛	+⅜
Battle Mount Gold	5½	....
Bausch & Lomb Inc	56⅛	+½
Baxter Intl	33⅝	....
Becton Dickinson	83xd	+½
Bell Atlantic	51¾	+¼
Bell Industries	11⅜	−⅛
BellSouth	52⅛	+⅛
Belo (A H) A	40⅛	+⅛
Beneficial Corp	63	+¼
Bethlehem Steel	15⅛	−⅛
Betz Labs	61¼	....
Beverly Enterprises	12¼	+½
Black & Decker	18⅜xd	−⅛
Block (H&R)	39½xd	+⅛
Boeing	35⅞	+⅝
Boise Cascade	21½	−⅛
Borden Inc	28⅝	+⅛
Bowater Inc	24⅞xd	....
Briggs & Stratton	48¾	−1⅜
Bristol Myers Squibb	72¼	+1⅞
Brit Airways ADR	46¼xd	+1¼
BP ADR	43½	+¼
Brit Steel ADR	8⅞	....
Brit Telecom ADR	62⅞	+¼
Broad Inc	25⅛	+⅜
Brooklyn Union Gas	33⅞	+⅛
Brown Group	28⅝xd	+⅛
Brown & Sharpe	7⅛	+⅛
Brown-Forman B	83¼	−⅜
Browning Ferris	25⅞xd	+⅛
Brunswick	16¼	....
Burlington Nthn	41¾	....
CBI Inds	26½	+⅜
CBS	182⅛	+3⅞
CMS Energy Corp	17⅞	−⅛
CNA Financial	98¾	+2⅞
CPC International	47⅛	+1⅛
CSX	71¾	+1⅞
Cabot Corp	45½	....
Campbell Soup	44	+⅜
Can Pacific	11⅛xd	+½
Capital Cities ABC	489⅞	−4⅝
Capital Holdings	69¾	−¼
Carlisle Cos	46⅝	+⅛
Carolina Pwr & Lt	54⅜	+⅝
Carpenter Tech	49⅞	−⅜
Caterpillar	54½	+1⅝
Centel Corp	33¾	+⅜
Centerior Energy	19⅛	....
Centex Corp	31⅜xd	+1
Central & SW	28⅞	−⅛
Ceridian	15	−⅛
Champion Intl	29¾xd	+¼
Charming Shoppes	17⅛	+⅛
Chase Manhattan	27⅛	+⅛
Chemical Bkg Corp	36⅞	+⅞
Chevron Corp	69⅞	+⅞
Chiquita Brands	16½	+¼
Chris-Craft	32⅛	+⅜
Chrysler	32⅜xd	+½
Chubb Corp	90¼xd	+1
Cigna Corp	56⅜xd	−⅜
Cincin Milacron	15¾	+⅛
Citicorp	19⅞	+⅜
Clark Equipment	19⅞	....
Clevld Cliffs	36¼xd	−⅜
Clorox	46⅜	+⅝
Coastal Corp	23¼	−⅜
Coca Cola	43¼	+1¼
Coca Cola Ent	12¼xd	−⅛
Colgate-Palmolive	57¼	−⅛
Columbia Gas	20⅛	+⅛
Comcast Corp A	19½	+½
Commerce Cl Hse	18¼	−¼
Commonw Edison	23⅝	....
Commun Satellite	44½	+1¼
Compaq Computer	45¾	+1
Computer Ass Int	19⅝xd	+1⅛
Computer Sciences	77¾	−⅜
Conagra	33¾	+⅝
Cons Edison	32⅛	+⅛
Cons Freightways	18⅞	+⅜
Cons Nat Gas	45⅞	+⅜
Cons Paper	39¼	−¼
Cons Rail	46⅜	+⅛
Contl Bank Corp	19⅞xd	+⅛
Contl Corp	26½	+1
Cooper Inds	48½	+⅜
Coors (Adolph)	15⅞	−⅞
Corestates Finl	55⅞	+⅝

December 18	US$	+ or −
Corning Inc	39⅛xd	+⅛
Crane	23	+½
Cray Research	23	+⅛
Crown Cork & Seal	39⅜	....
Cummins Engine	75	+¼
Curtiss-Wright	30¼	+½
Cypress Semicond	9½	−½
Cypress Minerals	30	+1¼
DSC Commun	20⅛	−⅛
DQE	31⅞	−¼
Dana Corp	47⅝	+⅛
Data General	11⅞	+⅛
Dayton Hudson	74½	+1
Deere	42¼	+⅛
Delmarva Pow & L	22⅞	....
Delta Air Lines	51	−⅜
Deluxe Corp	48⅝	+¼
Detroit Edison	32⅝xd	+¼
Dial Corp Del	40⅛	−⅜
Diebold Inc	61⅞xd	+½
Digital Comms	17⅜	+⅝
Digital Equipment	31⅞	−⅝
Dillard Dept St	49½	+¼
Disney (Walt)	42	+⅜
Dole Food Inc	32⅜	+½
Dominion Res	39⅞	....
Donnelley (RR)&Sons	31⅝	+⅛
Dover Corp	45⅞	+½
Dow Chemicals	58⅛	+1⅛
Dow Jones	27½	+⅛
Dravo Corp	8¼	−⅛
Dresser	18¼	+⅛
Dreyfus Corp	39⅝	....
Duke Power	36¾	+⅛
Dun&Bradstreet	58¼	+¼
Du Pont	50⅝	+⅝
E G & G Corp	18⅞	+⅛
E-Systems	40¼xd	+⅞
Eastern Enterprises	27⅞	−⅛
Eastman Kodak	40¾	−⅛
Eaton Corp	78½	+1⅜
Echlin Inc	23¾	+¼
Emerson Electric	54½	−⅜
Engelhard Corp	35xd	+⅜
Enron Corp	49¾	+2¼
Enserch Corp	15¼	+⅛
Entergy Corp	32¼	+⅜
Ethyl Corp	29½xd	+⅛
Exxon	62⅞	+⅞
FMC Corp	48½	−⅛
FPL Group	36¼	+⅜
Fedders Corp	5¼	+⅛
Federal Express	54¾	−⅝
Federal Mogul	16⅞	−¼
Fed Nat Mtge	75¼	+1⅜
Federal Paper Brd	25¾	....
Fieldcrest Cannon	17⅞	+⅛
Fina Inc A	59⅞	....
First Bank Systems	26½	+¼
First Chicago	35⅞xd	+1
First Fid Bancorp	43¾	+⅛
First Interstate	46¾	+¾
First Mississippi	9¾	+¼
First Union Rlty	9½	−⅛
Fleet Finl Grp	31½	+⅜
Fleetwood Enterpr	47⅝	+1¼
Fleming Cos Oklah	31¼	+¼
Florida Progress	32⅞	....
Fluor Corp	41⅜xd	+⅛
Food Lion A	8⅞	....
Food Lion B	9¾	+⅛
Ford Motor	40⅛	+½
Foster Wheeler	28¾	+⅛
Freeport McMoran	17¼	....
Fund American Ent	72⅜	+⅞
GATX Corp	29¾xd	−⅛
GEICO Corp	63	+⅝
GTE Corp	34⅛	+¼
Gallagher (AJ)	27¼	−¼
Gannett	50⅜xd	+⅜
Gap Inc Del	34⅛	+¾
Gencorp	11⅝	−⅛
Gen Am Investors	30¼	+¼
Gen Cinema	33½	+1⅞
Gen Dynamics	104⅛	+3
Gen Electric	86½	+1⅛
Gen Mills	69½	+1⅛
Gen Motors	35⅛	+½
Gen Motors E	32⅞	+¼
Gen Motors H	24⅝	+⅛
Gen Public Utilit	27	....
Gen Reinsurance	120⅞xd	+2½
Gen Signal	59¼	+2¼
Genuine Parts	34⅜	+⅜
Georgia Pac	60⅞	+1⅛
Gerber Products	30½	+⅛
Gillette	59	+1
Glaxo ADR	24¼	−⅛
Golden West Finl	41¾	+¼
Goodrich (BF)	46⅞	+1
Goodyear Tire	66	+⅜
Grace (W&R)	37⅞	....
Grainger (WW)	60¼	+¼
Great Atl Pac Tea	24⅞	....
Great Western Finl	15⅛	−⅛
Grow Group	14¾	+½
Grumman Corp	24	+¼
Gulf States Utl	16¼	−⅛
Halliburton	29⅛	−⅛
Hanna (M A)	27	+⅛
Harnischfeger	19⅝xd	+⅛
Harris Corp	33⅞	....
Harsco Corp	35¼	−⅛
Hartmax	6½	....
Hasbro	33¼	+¼
Hecla Mining	7⅝	−¼
Heinz (HJ)	44¼xd	+¼
Helmerich & Payne	23⅞	+⅛
Hercules	62⅞	+1⅛
Hershey Foods	48	+1⅛
Hewlett Packard	68⅞xd	+¼
Hilton Hotels	42⅞xd	+⅞
Hitachi ADR	60⅜	+⅛
Home Depot	67⅞	+¼
Homestake	11⅝	−⅜
Honeywell	68⅞	+¼
Hormel (Geo)	23⅞	+⅛
Household Intl	59⅛	+3⅜
Houston Inds	46	+⅜
Humana	20½	−⅛
IP Timberland	22¾	+1¼
ITT Corp	70	+⅛
Illinois Power	21⅝	−⅛
Illinois Tool	63¼	+⅞
ICI ADR	64½	+⅝
Imcera Group	34½xd	+⅝
INCO	22¼	−¼
Ingersoll Rand	31½	+½
Inland Steel	22⅞	+¾
Intel Corp	85	−1½
Intergraph	13⅛	+¼
Interlake	3.62	−0.13
IBM	50¼	−2¼
Intl Family Ent B	14⅛	+⅝
Intl Flav & Fr	110½xd	+3⅛
Intl Multifoods	28⅜	....
Intl Paper	65¼	+⅜
Interpublic	34⅞	+¼
InterTAN	10¾	−⅛
James River Va	18⅛xd	....
Jefferson Pilot	46½	+1⅝
Johnson Controls	44⅞	+1
Johnson & Johnson	54¼	+1½
K Mart	25⅜	....
Kellogg	70½	+½
Kennametal	28⅝	+¼
Kerr-McGee	44⅞	+¾

INDICES

NEW YORK DOW JONES

	Dec 17	Dec 16	Dec 15	Dec 14	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3269.23	3255.18	3284.36	3292.20	3413.21 (1/6)	3136.58 (9/10)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	102.94	103.06	103.05	103.21	103.21 (14/12)	98.41 (20/3)	103.21 (14/12/92)	54.99 (1/10/81)
Transport	1430.47	1397.23	1402.07	1396.83	1467.68 (20/2)	1204.40 (26/8)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	219.89	219.70	219.20	218.20	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

DJ Indl. Day's High 3289.22 (3303.00) Low 3229.79 (3238.70) (Theoretical)
Day's High 3271.93 (3295.71) Low 3251.40 (3248.16) (Actual)

STANDARD AND POOR'S

	Dec 17	Dec 16	Dec 15	Dec 14	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	435.43	431.52	432.57	432.84	436.99 (8/12)	394.50 (8/4)	436.99 (8/12/92)	4.40 (1/6/32)
Industrials	509.12	504.35	505.75	506.71	512.85 (8/12)	470.91 (8/4)	512.85 (8/12/92)	3.62 (21/6/32)
Financial	39.78	39.45	39.69	39.45	39.88 (8/12)	32.40 (8/4)	39.88 (8/12/92)	8.64 (1/10/74)
NYSE Composite	239.12	237.26	238.02	238.16	240.24 (8/12)	217.92 (8/4)	240.24 (8/12/92)	4.46 (25/4/42)
Amex Mkt. Value	390.42	389.30	390.66	392.56	418.99 (12/2)	364.85 (9/10)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	658.46	649.63	650.75	654.73	667.12 (8/12)	547.84 (26/6)	667.12 (8/12/92)	54.87 (31/10/72)

	Dec 11	Dec 4	Nov 27	year ago (approx.)
Dow Industrial Div. Yield	3.12	3.13	3.14	3.14

	Dec 16	Dec 9	Dec 2	year ago (approx.)
S & P Industrial div. yield	2.58	2.58	2.61	2.78
S & P Indl. P/E ratio	26.76	27.10	26.71	23.24

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Tucson Elec	16,163,800	1⅞	−⅛
IBM	7,997,700	53⅛	+1⅛
Hayes Wheels	3,581,300	19½	—
Limited	3,458,700	27	—
Philip Morris	2,939,200	76⅝	+⅜
Glaxo	2,358,300	24⅞	−⅛
Ford Motor	2,310,300	39⅞	−⅛
ADV Micro	2,229,100	18	+1⅛
Am T & T	2,053,800	49	+⅜
Storage Tech	2,008,200	20⅝	−1⅛

TRADING ACTIVITY

† Volume (Millions)	Dec 17	Dec 16	Dec 15
New York SE	248.990	241.910	225.880
Amex	15.082	15.457	13.710
NASDAQ	247.940	258.269	248.928
NYSE			
Issues Traded	2,421	2,411	2,416
Rises	1,129	745	833
Falls	660	1,042	956
Unchanged	632	624	627
New Highs	67	47	42
New Lows	33	29	34

CANADA TORONTO

	Dec 17	Dec 16	Dec 15	Dec 14	1992 HIGH	1992 LOW
Metals & Minerals	2741.81	2746.4	2760.37	2772.92	3238.87 (16/1)	2529.91 (17/11)
Composite	3304.33	3296.15	3264.61	3262.00	3666.00 (16/1)	3195.40 (14/10)
MONTREAL Portfolio	1759.50	1747.35	1726.73	1723.51	1937.59 (16/1)	1663.16 (14/10)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

	Dec 18	Dec 17	Dec 16	Dec 15	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1515.7	1499.4	1497.0	1509.6	1684.50 (22/5)	1357.20 (16/11)
All Mining (1/1/80)	593.9	593.4	597.9	601.9	726.80 (3/7)	545.40 (16/11)
AUSTRIA						
Credit Aktien (30/12/84)	300.75	302.50	306.8	310.7	458.57 (24/2)	291.41 (13/8)
Traded Index (2/1/91)	716.77	720.95	738.77	751.81	1099.43 (24/2)	682.96 (13/8)
BELGIUM						
BEL20 (1/1/91)	1116.91	1105.99	1106.35	1101.13	1235.40 (2/6)	1046.07 (2/9)
DENMARK						
Copenhagen SE (3/1/83)	266.66	267.25	268.16	267.89	365.29 (15/1)	250.42 (28/10)
FINLAND						
HEX General (28/12/90)	816.68	830.61	847.0	846.1	936.90 (24/2)	541.00 (7/9)
FRANCE						
CAC General (31/12/81)	459.11	457.11	459.70	460.58	555.93 (12/5)	441.70 (7/10)
CAC 40 (31/12/87)	1760.12	1735.23	1736.69	1744.79	2077.49 (11/5)	1611.04 (5/10)
GERMANY						
FAZ Aktien (31/12/58)	585.66	581.67	580.89	585.43	725.26 (26/5)	565.61 (12/10)
Commerzbank (1/12/53)	1664.90	1643.50	1640.9	1654.2	2043.80 (25/5)	1594.60 (12/10)
DAX (30/12/87)	1492.04	1476.17	1472.07	1481.24	1811.57 (25/5)	1420.30 (6/10)
HONG KONG						
Hang Seng Bank (31/7/64)	5292.66	5329.46	5415.96	5315.81	6447.11 (12/11)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1221.12	1213.60	1214.13	1190.14	1469.57 (17/1)	1094.88 (19/10)
ITALY						
Banca Com. Ital. (1972)	425.66	420.35	406.32	404.25	551.99 (6/2)	354.93 (16/9)
MIB General (2/1/92)	842.0	831.0	804.0	800.0	1086.00 (5/2)	696.00 (16/9)
JAPAN						
Nikkei (16/5/49)	17680.74	17437.91	17268.71	17480.74	23801.18 (6/1)	14309.41 (18/8)
Tokyo SE (Topix) (4/1/68)	1343.77	1325.85	1317.3	1325.90	1763.43 (6/1)	1102.50 (18/8)
2nd Section (4/1/68)	1730.48	1725.00	1725.93	1724.46	2459.85 (6/1)	1502.77 (19/8)
MALAYSIA						
KLSE Composite (4/4/86)	641.08	636.11	632.89	628.88	660.35 (5/11)	546.63 (14/1)
NETHERLANDS						
CBS Ttl.Rtn Gen.(End 1983)	291.0	289.1	289.8	291.1	314.90 (9/6)	274.00 (8/1)
CBS All Shr (End 1983)	195.6	194.6	195.0	195.9	215.50 (26/5)	189.70 (25/8)
NORWAY						
Oslo SE Ind (2/1/83)	669.57	662.40	662.81	670.89	772.74 (18/5)	532.43 (25/8)
PHILIPPINES						
Manila Comp (2/1/85)	1215.81	1226.73	1222.91	1183.49	1580.95 (11/6)	1083.01 (17/9)
SINGAPORE						
SES All-Singapore (2/4/75)	386.32	381.61	379.67	378.1	416.99 (21/1)	351.41 (21/10)
SOUTH AFRICA						
JSE Gold (28/9/78)	835.0φ	837.0	(c)	832.0	1327.00 (21/1)	746.00 (10/11)
JSE Industrial (28/9/78)	4279.0φ	4299.0	(c)	4314.0	4689.00 (4/6)	3936.00 (19/10)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	(u)	660.6	654.09	650.22	691.48 (6/2)	459.07 (21/8)
SPAIN						
Madrid SE (30/12/85)	215.66	213.74	214.84	215.31	266.51 (28/2)	179.48 (5/10)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	900.5	873.3	866.8	879.1	1014.50 (11/5)	639.00 (5/10)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	904.8	896.3	893.9	887.1	904.00 (18/12)	748.50 (8/1)
SBC General (1/4/87)	669.4	664.7	663.6	659.1	682.30 (11/5)	596.40 (26/8)
TAIWAN**						
Weighted Price (30/6/66)	3657.99	3668.67	3674.92	3688.26	5391.63 (30/1)	3351.63 (26/9)
THAILAND						
Bangkok SET (30/4/75)	848.97	849.92	840.4	839.3	963.03 (5/11)	667.84 (19/5)
WORLD						
M.S. Capital Intl. (1/1/70) ($)	503.7*	500.5	496.8	496.4	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	851.77	839.87	837.93	838.69	976.55 (25/5)	772.52 (5/10)

**Saturday December 12: Taiwan Weighted Price: 3,742.61, Korea Comp Ex. 647.28.
φ Subject to official recalculation. *Calculated at 15.00 GMT.

Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX—1,000, JSE Gold—255.7, JSE 20 Industrials—264.3 and Australia All Ordinary and Mining—500; (c) Closed (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow climbs as triple witching boosts trade

Wall Street

US share prices posted new gains in heavy trading yesterday as investors rushed to participate in what some analysts believe could turn into a robust year-end rally, *writes Patrick Harverson in New York.*

The market was also aided by strong demand related to "triple-witching" – the simultaneous expiration of stock and stock-index futures and options.

By 1 pm the Dow Jones Industrial Average was up 16.48 at 3,285.71, slightly below its highs in the morning.

The more broadly based Standard & Poor's 500 was also firmer at midsession, up 2.86 at 438.29, while the Amex composite put on 0.60 at 390.93, and the Nasdaq composite gained 2.89 at 661.35.

Turnover on the NYSE was extremely heavy at 222m shares by 1 pm, and rises outnumbered declines by 1,143 to 582.

After five consecutive days of decline, Thursday's 14-point gain in the Dow was interpreted by some market observers as the prelude to a Christmas-week and New Year rally. Consequently, the market opened yesterday in a positive mood, with investors keen not to be left out of any major move upward in share prices.

Sentiment was aided by another strong showing from stocks overseas. Wall Street has been worried recently about the slump in European economies, so any sign of confidence from Europe's stock markets is welcomed by US investors.

Among individual stocks, Thursday's recovery in IBM proved fleeting, with investors returning to pummel the stock in the wake of the news earlier in the week that its annual dividend may be threatened because of the cost to the company of its radical restructuring plans. IBM fell $1⅛ to $51⅝, a new 11-year low.

Other big computer stocks were mostly firmer. Compaq was particularly strong, rising $1⅛ to $45⅝ in turnover of more than 1m shares, Hewlett-Packard edged $¼ higher to $65⅝, and Motorola gained $⅝ at $105.

Minnesota Mining & Manufacturing, which fell sharply on Thursday after the company said that it was comfortable with new, lower estimates of its forthcoming earnings, recovered some ground, rising $¼ to $100⅝.

American Oil & Gas fell $2 to $11⅛ after the company announced that profits in the fourth quarter will come in below the 16 cents a share reported a year ago.

Van Dorn jumped $1⅞ to $20⅞ on the news that the company is to be bought by Crown Cork & Seal for about $175m, or $21 a share. Crown Cork & Seal rose $¼ to $39⅞.

On the Nasdaq market, Varlen climbed $3 to $27 after the company's principal shareholder dropped a proposed public offering of stock, but agreed to sell a 30 per cent stake in Varlen for $17 a share.

Canada

TORONTO held on to midday gains encouraged by further interest rate cuts. The TSE-300 index was 8.1 higher at 3,312 in light volume of 23.4m shares valued at C$227m. Advances led declines by 220 to 196 with 270 issues unchanged.

SOUTH AFRICA

JOHANNESBURG recovered some of its early losses. The overall index, which had earlier seen 3,203, ended 9 lower at 3,213. Industrials finished down 19 at 4,280 while the gold index shed 2 to 835. De Beers, down R1.75 at R57.25, fell back on reports that Siberia will soon have a secondary market in diamonds.

Nasdaq index performs on US recovery hopes

Big technology stocks have provided a lift to the market's recent performance, writes **Patrick Harverson**

It has been an impressive year for Nasdaq, the second largest stock market in the US.

By Wednesday, the composite index of Nasdaq stocks had gained 12 per cent since the beginning of the year, setting several new records in the process. In contrast, the Dow Jones Industrial Average of blue-chip stocks had risen only 2.8 per cent over the comparable period, while the Standard & Poor's 500, the broadest measure of market performance, had advanced just 4.0 per cent.

The Nasdaq's upward climb has seen interruptions, including a prolonged burst of self-doubt among investors earlier this year, when they began to question the wisdom of buying small-capitalisation stocks at a time when the economic recovery appeared to have stagnated.

This produced a sticky patch during the second quarter and the early part of the third. However, a powerful surge of buying during the autumn more than wiped out those losses and propelled the index to new highs.

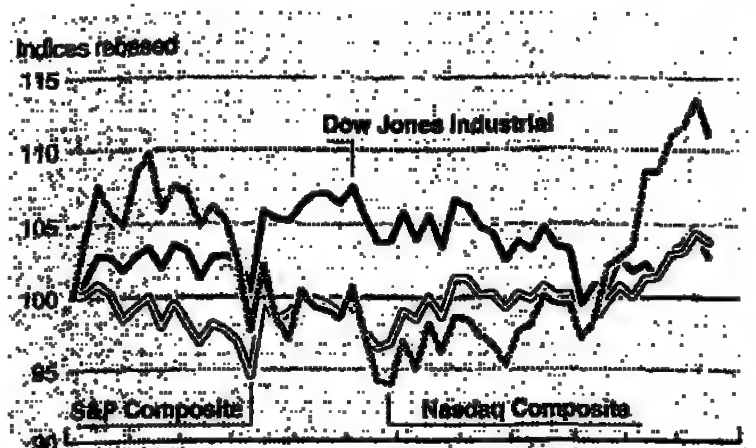
Nasdaq trading has been heavy, and consistently so. The first eleven months of 1992 were the most active in the market's 21-year history, with a rise of nearly 16 per cent in the number of shares traded to 43.5bn.

So strong has the demand for Nasdaq stocks been that market volume has often outstripped that on the New York Stock Exchange, much larger by capitalisation and established for 180 years longer.

The economic context of the Nasdaq's performance cannot be ignored. All parts of the stock market have thrived in recent months, primarily because investors have become increasingly convinced that the economy is heading for a period of inflation-free growth.

While most on Wall Street expect growth to remain substandard compared to previous post-recessionary periods, it is likely to be more than could have been hoped for six or eight months ago, when investors despaired of seeing an end to the "growth recession" – a long period of anaemic growth coupled with sustained weakness in the jobs market.

Meanwhile, fresh funds continue to flow into equities, thanks to low interest rates, which lure money out of low-yielding short-term assets.



The new money has been more than enough to match the supply of fresh stock, especially shares issued by newly public companies. By the end of October some $11.1bn had been raised on the Nasdaq market from initial public offerings (IPOs) of stock, compared with $7.84bn in all of 1991.

Small-capitalisation companies are expected to benefit most from the recovering economy. "People are looking for growth, and they're finding it in small companies," says Mr David Shulman, chief equity strategist at the securities house Salomon Brothers.

But a good deal of the composite's recent strength has come from big technology stocks, which are anything but "small-cap". Three in particular, Microsoft, MCI Communications and Intel, have done very well lately. Microsoft is up almost 20 per cent on the year and MCI up 25 per cent. Intel, which this week told investors that its fourth quarter earnings would come in 25 per cent higher than the $1.43bn earned in the third quarter, is up a staggering 73 per cent.

Why do these three stand out? "They are all on the right side of the technology wars," says an analyst.

On the wrong side of the technology wars is IBM. Its dreadful performance in 1992 (it is currently down almost 50 per cent from its year-high) has, along with another troubled giant of US industry, General Motors, artificially depressed both the Dow and the S & P 500.

Other measures of small-cap stock performance show that the secondary market is thriving. The Russell 2000 index of small companies, for example, is currently up 26 per cent from the end of 1991.

Even relatively high p/e ratios have failed to scare off buyers. The Russell 2000 may be trading at 24 times past earnings and the Nasdaq composite at 35 times earnings, but investors continue to buy, primarily because they are focusing on the future.

While the earnings outlook is good, some analysts warn that Nasdaq stocks may be in for a technical correction over the New Year, given the market's powerful performance in the closing months of 1992. The more distant future, however, looks more positive. As Mr Shulman says of the Nasdaq: "Long term, that's where the growth in the economy will be."

In the first 12 months of the two previous new, change-oriented Democratic presidents (John F Kennedy in 1961 and Jimmy Carter in 1977) smaller companies did much better than larger companies.

No one is quite sure why, but the soothsayers are not ruling out a repeat under President-elect Bill Clinton. Moreover, there may be genuine reasons to expect small stocks to benefit from a Clinton administration. Several of the economic proposals in his campaign policy package were aimed at making life easier for small companies, most notably his pledge to cut capital gains taxes on small businesses.

EUROPE

Paris tells its own story as senior bourses advance

THE recovery on Wall Street, the strength of the dollar and the effect of options and futures expiries were all advanced yesterday as reasons why bourses moved up, *writes Our Markets Staff.* However, the French told another story.

PARIS saw strong overseas institutional interest on the view that the franc will be devalued in the near future. The CAC-40 index closed up 24.89 at 1,760.12. After a volatile week the index was barely changed, while today's turnover was moderate at FFr2.4bn.

There was broad support for leading stocks with Bancaire showing one of the day's best performances, mostly due to late buying, as it closed FFr22.9 or 6.5 per cent higher at FFr373.0.

Elsewhere Elf rose FFr10 to FFr334, Paribas gained FFr9.70 to FFr349.30, Havas rose FFr18.50 to FFr418.00 and Suez improved FFr8.60 to FFr242.00. Even Carrefour managed a rise of FFr4 to FFr2,206 in spite of reports of a generally depressed French retailing sector, with volume down 10 per cent in November.

FRANKFURT was lifted mostly by short-covering linked to the expiry of options and futures contracts, described as seriously illiquid and choppy by one senior DTB trader. The DAX index closed 15.87 higher at 1,492.04, 1.1 per cent higher on the week, as turnover mushroomed to DM10.4bn against DM3.5bn on Thursday.

Prominent on the day were Allianz, DM40 higher at DM1,905 and a byword for volatility at times like these; Hoechst, up DM3.40 at DM238 and extending its run of relative strength against BASF and Bayer; and Degussa and Metallgesellschaft, dollar sensitive and cyclical, up DM7.80 to DM330.80 and DM8.55 to DM332.50 respectively.

MILAN recovered again, the Comit index ending 5.33 higher at 425.68, to close a week initially depressed by political fears with a rise of 0.7 per cent.

News of a higher rate at a key Bank of Italy money market tender took some of the steam out of business. Fiat slipped on the kerb, ending at L3,740, down L60.

ZURICH, which had its own options and futures expiry, liked the stronger dollar and the positive trend in early Wall Street trading. The SMI index closed 17.3 higher at 2,046.0, 2.6 per cent higher on the week.

UBS bearers topped the active list and rose SFr11 to SFr846.

AMSTERDAM went into the weekend on a strong note encouraged by neighbouring markets. The CBS Tendency index closed 0.5 higher at 103.5, a week's gain of 1.1 per cent. DSM lost Fl 1.50 to Fl 70.50 after the group confirmed earlier forecasts of a fall in fourth quarter earnings.

MADRID was positive on corporate news with the general index closing 1.92 higher at 215.66, for a 1.5 per cent gain on the week.

News that the government is to alter legislation allowing higher rents on properties to be charged lifted the sector, with Metrovacesa gaining Pta185 to Pta2,855 and Vallehermoso up Pta60 at Pta1,325.

STOCKHOLM was lifted by lower interest rates, the weaker domestic currency and a buoyant forestry sector. The Affärsvärlden index advanced 27.0 to 900.3, nearly 2 per cent higher on the week, in heavy turnover of SKr1bn after SKr713m. SCA was among the most active stocks, rising SKr19 to SKr116 after an upward revision of its 1992 earnings forecast.

OSLO improved following a cut in interest rates and the all-share index closed 3.61 higher at 375.79, a 2.6 per cent fall on the week, in turnover of NKr470m.

HELSINKI saw further profit-taking and the Hex index closed 13.9 down at 816.7, down 4.7 per cent on the week.

VIENNA continued to weaken with the ATX, down 4.18 at 716.77, setting a new year's low and down 3.5 per cent on the week.

FT-SE Actuaries Share Indices

December 18 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1044.50	1046.32	1046.45	1046.86	1048.12	1048.43	1050.25	1050.25
FT-SE Eurotrack 200	1128.16	1130.14	1129.78	1132.71	1133.24	1134.02	1136.11	1136.56

	Dec 17	Dec 16	Dec 15	Dec 14	Dec 11
FT-SE Eurotrack 100	1034.41	1036.62	1038.14	1041.18	1044.03
FT-SE Eurotrack 200	1119.02	1117.67	1115.23	1116.33	1117.72

Base value 1000 (26/10/90) High/day: 100 - 1050.80; 200 - 1137.74 Low/day: 100 - 1044.30 200 - 1128.16

ASIA PACIFIC

HK suffers again from China comments

Tokyo

BUYING by foreign investors and public funds, and short-covering and arbitrage trading buoyed share prices and increased volume on the Nikkei average, *writes Emiko Terazono in Tokyo.*

The 225-issue index rose 242.83 to 17,680.74, a gain of 1.4 per cent on the week, surpassing the 200-day moving average of 17,431 for the first time since November last year. The index opened at the day's low of 17,508.02 and rose to the day's high of 17,712.04 just before the close.

Volume rose to 300m shares from 234m. Advances led declines by 704 to 293 with 150 issues remaining unchanged. The Topix index of all first section stocks rose 17.92 to 1,343.77 and, in London, the ISE/Nikkei 50 index rose by 2.13 to 1,093.22.

While the 200-day average has been considered a technical resistance level, some traders were cool over the Nikkei's rise. Mr Yasuo Ueki at Nikko Securities said: "The index closing above the 200-day moving average doesn't have much technical importance, but will have some positive psychological effects."

High-technology issues were bought by foreign investors. Toshiba gained Y9 to Y645 and NEC rose Y11 to Y696. Traders said foreigners were adjusting positions ahead of a possible cut in the official discount rate during the Christmas holidays.

Investors were encouraged by reports that the Bank of Japan was supporting Hyogo Bank, an ailing regional bank based in west Japan, as it reflected the financial authorities' willingness to bail out troubled financial institutions. Banks were higher despite denials of financial aid by the central bank. Hyogo Bank rose Y100 to Y610, while Sumitomo Bank, a creditor of Hyogo, gained Y30 to Y1,910.

Large-capitalisation issues were higher on purchases by public funds. Nippon Steel, the most active issue of the day, rose Y5 to Y299 and NKK gained Y7 to Y266.

In Osaka, the OSE average rose 159.76 to 19,089.77 in volume of 39.7m shares. The index closed above the 19,000 level for the first time in five trading days on buying by public funds and foreign investors.

Roundup

HONG Kong again came under pressure following comments from the Chinese leadership. Seoul was closed for the presidential elections.

HONG KONG fell sharply after China launched an attack on the Jardine Group over its support for Governor Chris Patten's democratic reforms. The Hang Seng index fell 136.80 to 5,192.66, 1.15 per cent down on the week, in turnover of HK$3.04bn. Jardine Matheson plunged 9.5 per cent on the news before recovering slightly to close down HK$2.75 or 6 per cent at HK$42.75, while Jardine Strategic was HK$1.10 lower at HK$19.40.

SINGAPORE closed higher in late trading as foreign institutions came into the market. The Straits Times Industrial index rose 23.49 to 1,491.80, a 3 per cent improvement on the week. KUALA LUMPUR's composite index gained 4.97 to 641.08 for a 0.9 per cent rise on the week.

TAIWAN eased on profit-taking ahead of today's parliamentary elections. The weighted index lost 10.68 to 3,657.99, 2 per cent lower on the week.

MANILA closed lower in listless trading as the composite index shed 10.92 to 1,215.81, a fall of 1.3 per cent on the week. Combined turnover was 216.3m pesos. PLDT gave up 20 pesos to 825 pesos.

AUSTRALIA was stronger, aided by a good performance from BHP, up 20 cents at A$12.84 following the release of interim results. The All Ordinaries index put on 16.2 to 1,515.7, 0.9 per cent up on the week.

Westpac moved up 14 cents to A$3.18 in reaction to the resignation of the managing director on Thursday.

BOMBAY rose on hopes that the federal government would survive a no-confidence motion. The BSE index closed 76.73 up at 2,476.89.

LONDON SHARE SERVICE

([i] = fraction illegible)

BRITISH FUNDS

Notes	Price £	+ or −	1992 high	1992 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Treas 8¼pc 1993	100[i]	—	100[i]	97[i]	8.23	6.88
10pc 1993‡‡	101	—	101[i]	99[i]	9.90	6.78
12½pc 1993‡‡	103[i]	−[i]	104[i]	100[i]	12.10	6.70
Funding 6pc 1993‡‡	99[i]	−[i]	100	95[i]	6.02	6.47
Treas 13¾pc 1993‡‡	106[i]	—	107[i]	103[i]	12.93	6.58
8½pc 1994	101[i]	—	102[i]	96[i]	8.34	6.61
14½pc 1994‡‡	109[i]	—	110[i]	104[i]	13.31	6.61
Exch 13½pc 1994	109[i]	—	110[i]	103[i]	12.43	6.72
Treas. 10pc Ln. 1994‡‡	104[i]	—	105[i]	98[i]	9.58	6.75
Exch 12½pc 1994	109[i]	—	110[i]	103[i]	11.51	6.90
Treas 9pc 1994‡‡	103[i]	+[i]	104[i]	96[i]	8.69	6.86
12pc 1995	109[i]	—	111[i]	103[i]	10.97	7.05
Exch 3pc Gas 90-95	94[i]	—	95[i]	88[i]	3.18	5.86
10¼pc 1995	107[i]	—	108[i]	99[i]	9.54	7.09
Treas 12¾pc 1995‡‡	114[i]	—	116[i]	108[i]	11.13	7.10
14pc 1996	117[i]xd	—	119[i]	109[i]	11.89	7.46
9pc 1992-96‡‡	100¼	—	104½	95[i]	8.98	6.72
15¼pc 1996‡‡	122[i]	—	125[i]	113[i]	12.41	7.45
Exch 13¼pc 1996‡‡	117[i]	—	119[i]	108	11.32	7.47
Conversion 10pc 1996	109[i]	—	111[i]	98[i]	9.18	7.38
Treas 13¼pc 1997‡‡	119[i]xd	—	121[i]	109[i]	11.08	7.62
Exch 10½pc 1997	110[i]	—	112[i]	100[i]	9.48	7.48
Treas 8¾pc 1997‡‡	105[i]	—	107½	94	8.30	7.37
8¾pc '97 ‡‡(£50 pd)	63[i]	—	65½	60	8.31	7.40
Five to Fifteen Years						
Exch 15pc 1997	128[i]	—	131[i]	117[i]	11.63	7.73
9¾pc 1998	109¼	—	111[i]	97[i]	8.92	7.55
Treas 7¼pc 1998 (£25 pd)	25[i]	—	27[i]	24[i]	7.28	7.32
Treas 6¾pc 1995-98‡‡	97[i]	+[i]	99[i]	88[i]	6.93	7.34
15½pc '98‡‡	134[i]	—	137[i]	123[i]	11.53	7.96
Exch 12pc 1998	118[i]	—	121[i]	107[i]	10.11	7.98
Treas 9½pc 1999‡‡	108½	—	111[i]	97[i]	8.76	7.73
Exch 12¼pc 1999	120[i]	—	123[i]	109½	10.18	8.06
Treas 10½pc 1999	113[i]	—	116[i]	101[i]	9.27	7.84
Conversion 10¼pc 1999	112[i]	−[i]	115[i]	100[i]	9.10	7.85
9pc 2000‡‡	106[i]	−[i]	109[i]	94[i]	8.49	7.87
Treas 13pc 2000	125[i]	−[i]	128[i]	114[i]	10.33	8.33
10pc 2001	110¼	—	113[i]	99[i]	9.07	8.25

BRITISH FUNDS - Cont.

Notes	Price £	+ or −	1992 high	1992 low	Yield Int.	Yield Red.
14pc '98-1	125[i]	—	128[i]	115[i]	11.12	8.04
9¾pc 2002	108[i]	−[i]	111[i]	96[i]	8.97	8.40
8pc 2003 (£25 pd)	22[i]	—	23[i]	21[i]	8.17	8.31
10pc 2003	110[i]	−[i]	113[i]	100[i]	9.06	8.51
Treas 11½pc 2001-4	117[i]	−[i]	120[i]	107[i]	9.81	8.65
Funding 3½pc '99-4	88½	+[i]	89[i]	[illegible]	[illegible]	7.88
Conversion 9½pc 2004	107	—	108[i]	96[i]	8.89	8.65
9½pc 2005	107	—	109[i]	96[i]	8.88	8.57
Treas 12½pc 2003-5	125[i]	−[i]	128[i]	115[i]	9.96	8.81
8pc 2002-6‡‡	96	—	97[i]	85[i]	8.33	8.54
Treas 11¾pc 2003-7	120[i]xd	+[i]	122[i]	110[i]	9.79	8.75
Treas 8½pc 2007 ‡‡	98[i]	−[i]	100[i]	89[i]	8.59	8.63
13½pc '04-8	132[i]	−[i]	136[i]	123[i]	10.19	8.88
Over Fifteen Years						
9pc 2008 ‡‡	102[i]	—	104[i]	93[i]	8.75	8.68
8pc 2009	93[i]	−[i]	95[i]	85[i]	8.53	8.71
8pc 2009 A (£50 pd)	58[i]	—	60[i]	56[i]	8.54	8.73
Conv 9pc Ln 2011 ‡‡	102[i]xd	—	103[i]	93[i]	8.81	8.77
Treas. 9pc 2012	102	−[i]	103[i]	93[i]	8.82	8.78
9pc 2012 A	102	−[i]	103½	94¼	8.82	8.78
Treas 5½pc 2008-12‡‡	71[i]	—	72[i]	62[i]	7.71	8.62
7¾pc 2012-15‡‡	91	—	92[i]	81[i]	8.52	[illegible]
Exch 12pc '13-'17	127[i]xd	+[i]	130	118[i]	9.38	9.01
Treas 8¾pc 2017	98[i]	−[i]	101[i]	91[i]	8.94	8.85
8¾pc 2017 A ‡‡	98[i]	−[i]	101[i]	91[i]	8.94	8.85
Undated						
Consols 4pc	44[i]	−[i]	45[i]	39[i]	8.98	—
War Loan 3½pc‡‡	39[i]	—	40[i]	35[i]	8.93	—
Conv 3½pc '61 Aft.	61[i]	—	63[i]	58	5.66	—
Treas. 3pc '66 Aft.	34[i]	—	35	29[i]	8.78	—
Consols 2½pc	28[i]xd	+[i]	29[i]	24[i]	8.80	—
Treas. 2½pc	28¼	—	29	24[i]	8.85	—

BRITISH FUNDS - Cont.

Notes	Price £	+ or −	1992 high	1992 low	Yield (1)	Yield (2)
Index-Linked (b)						
Treas. 2pc '94 (102.9)	132[i]	—	132[i]	122[i]	–	1.87
2pc '96 (67.9)	185[i]	—	187[i]	176[i]	1.97	2.85
4⅝pc '98 (135.6)	105[i]	−[i]	108[i]	100[i]	2.98	3.52
2½pc '01 (78.3)	158[i]	−[i]	162[i]	139[i]	3.31	3.86
2½pc '03 (78.8)	154[i]	−[i]	159[i]	135	3.44	3.74
4⅜pc '04 (135.6)	[illegible]	−[i]	[illegible]	[illegible]	[illegible]	3.93
2pc '06 (69.5)	157[i]	−[i]	162[i]	137[i]	3.80	3.94
2½pc '09 (78.8)	142	−[i]	147[i]	124[i]	3.78	3.97
2½pc '11 (74.6)	148[i]	−[i]	152[i]	128[i]	3.78	3.98
2½pc '13 (89.2)	120½	−[i]	125[i]	106[i]	3.81	3.99
2½pc '16 (81.6)	128[i]	−[i]	133[i]	112[i]	3.84	4.01
2½pc '20 (83.0)	122[i]	−[i]	128[i]	107[i]	3.86	4.03
2½pc '24‡‡ (97.7)	101	−[i]	106[i]	89[i]	3.91	4.04
4⅛pc '30‡‡ (135.1)	101[i]xd	−[i]	107[i]	91[i]	3.92	4.06

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to January 1987. Conversion factor 3.945. RPI for April 1992: 138.8 and for October 1992: 139.9.

OTHER FIXED INTEREST

Notes	Price £	+ or −	1992 high	1992 low	Yield Int.	Yield Red.
African Dev 11¼ 2010	116[i]	−[i]	118[i]	105[i]	9.53	9.16
Asian Dev 10¼pc 2009	110[i]	−[i]	111[i]	100[i]	9.30	9.04
B'ham 11½pc 2012	114¼	—	118	102¼	10.02	9.80
Ireland Cap 5½pc '10	87½	—	[illegible]	[illegible]	6.72	–
9pc Cap 1996	100½	—	105½	90	8.98	–
13pc '97-2	114	—	118¼	103[i]	11.40	–
Hydro Quebec 15pc 2011	139[i]	−[i]	141[i]	130[i]	10.73	10.17
Leeds 13½pc 2006	128¼	—	128½	116¼	10.49	9.69
Liverpool 3½pc Irred	34¼	—	36	30	10.07	–
LCC 3pc '20 Aft.	30¼	—	32	27	9.78	–
Manchester 11½pc 2007	115	—	115½	103¼	10.00	9.57
Met. Wtr. 3pc 'B'	63¼	—	63¼	53	4.71	8.22
N'wide Anglia 3¾pc 2021	118¼	—	121	103¼	–	5.05
4¼pc IL 2024	114	—	118¼	103¼	–	4.91
Utd Mex States 16½pc 2008	131[i]	—	132½	121½	12.52	11.97

Continued on next page

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock)	THURSDAY DECEMBER 17 1992: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY DECEMBER 16 1992: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 1992 High	1992 Low	Year ago (approx)
Australia (68)	121.29	+0.2	114.28	94.42	98.53	116.97	+0.2	4.16	121.04	113.79	94.03	97.85	116.77	153.68	108.18	147.12
Austria (19)	137.34	−1.5	129.40	106.91	111.57	110.41	−2.2	2.22	139.41	131.06	108.30	112.70	112.80	186.70	137.34	164.79
Belgium (42)	135.82	+0.1	127.97	105.72	110.33	107.35	+0.1	5.33	135.72	127.60	105.43	109.72	107.27	152.27	133.99	137.97
Canada (113)	114.49	+0.7	107.87	89.12	93.00	105.62	+0.3	3.21	113.74	106.93	88.36	91.94	105.30	142.12	111.36	129.56
Denmark (34)	198.80	−1.6	187.32	154.76	161.49	162.98	−1.0	1.68	201.97	189.88	156.91	163.28	164.54	273.94	161.70	259.07
Finland (15)	72.24	−2.2	68.07	56.24	58.68	77.47	−1.8	1.82	73.90	69.47	57.41	59.74	78.86	89.80	52.84	73.78
France (99)	143.54	−0.6	135.24	111.73	116.59	120.23	−0.1	3.75	144.42	135.77	112.18	116.74	120.40	168.75	136.93	140.01
Germany (64)	103.43	−0.3	97.45	80.53	84.02	84.02	+0.2	2.70	103.77	97.55	80.62	83.89	83.89	129.69	102.51	113.24
Hong Kong (53)	214.58	−1.4	202.18	167.04	174.32	213.07	−1.4	4.23	217.63	204.51	168.99	175.87	216.15	262.28	176.36	171.92
Ireland (16)	141.42	−0.1	133.25	110.09	114.88	117.46	+0.0	4.68	141.51	133.03	109.93	114.40	117.49	173.71	122.98	161.59
Italy (77)	53.29	+2.6	50.21	41.48	43.29	55.86	+3.1	3.72	51.94	48.83	40.35	41.99	54.18	80.86	47.47	71.24
Japan (472)	107.91	+0.5	101.67	84.00	87.67	84.00	+0.7	1.00	107.39	100.95	83.43	86.83	83.43	140.95	87.27	127.90
Malaysia (69)	263.26	−0.1	248.05	204.93	213.85	261.34	+0.1	2.54	263.46	247.69	204.66	212.98	261.17	282.42	212.49	206.52
Mexico (18)	1602.34	+0.2	1509.76	1247.34	1301.64	5472.97	+0.0	1.10	1599.49	1503.73	1242.60	1293.09	5475.49	1788.77	1185.64	1289.76
Netherland (25)	154.23	−0.7	145.32	120.06	125.29	123.68	−0.2	4.60	155.37	146.07	120.70	125.61	123.92	169.70	147.88	147.46
New Zealand (13)	41.91	−0.7	39.49	32.62	34.04	42.85	−0.8	5.21	42.22	39.69	32.80	34.13	43.21	48.52	37.39	45.51
Norway (22)	142.91	−0.1	134.66	111.25	116.10	129.43	+0.1	1.87	143.10	134.53	111.17	115.69	129.26	192.85	128.05	170.05
Singapore (38)	204.72	+1.2	192.89	159.36	166.30	154.48	+1.1	2.14	202.30	190.19	157.17	163.55	152.75	229.63	179.65	207.62
South Africa (60)	147.62	+0.3	139.09	114.91	119.91	155.90	−0.4	3.26	147.18	138.37	114.34	118.99	156.56	263.60	134.21	243.81
Spain (48)	120.31	−0.9	113.36	93.66	97.73	101.17	−0.5	5.96	121.45	114.18	94.35	98.18	101.71	161.72	107.10	144.05
Sweden (31)	159.99	−1.5	150.75	124.55	129.97	164.67	+0.6	2.38	162.37	152.65	126.15	131.27	163.70	200.28	149.69	166.20
Switzerland (60)	114.46	−0.1	107.85	89.11	92.99	99.45	+0.2	2.15	114.58	107.72	89.02	92.64	99.23	122.37	95.99	95.44
United Kingdom (226)	172.30	+0.1	162.35	134.11	139.95	162.35	+0.4	4.55	172.05	161.75	133.65	139.08	161.75	200.07	161.86	174.63
USA (522)	177.73	+0.9	167.46	138.36	144.38	177.73	+0.9	2.87	176.19	165.64	136.88	142.45	176.19	178.34	160.92	155.79
Europe (778)	135.83	−0.1	127.98	105.74	110.35	120.10	+0.3	3.92	135.98	127.84	105.64	109.94	119.78	156.88	131.31	139.73
Nordic (102)	148.60	−1.4	140.01	115.68	120.71	135.88	+0.0	2.12	150.72	141.70	117.09	121.85	135.82	189.52	141.24	173.98
Pacific Basin (713)	111.95	+0.4	105.48	87.15	90.94	88.06	+0.5	1.35	111.53	104.86	86.65	90.17	86.58	141.97	93.70	129.54
Euro - Pacific (1491)	121.61	+0.2	114.58	94.66	98.78	101.59	+0.4	2.51	121.42	114.16	94.32	98.16	101.16	145.21	113.80	133.82
North America (635)	173.81	+0.9	163.77	135.32	141.22	172.84	+0.9	2.89	172.32	162.00	133.89	139.33	171.38	174.38	158.70	154.11
Europe Ex. UK (552)	114.15	−0.3	107.56	88.88	92.75	97.28	+0.2	3.45	114.50	107.65	88.97	92.59	97.08	132.98	111.33	118.76
Pacific Ex. Japan (241)	151.65	−0.4	142.89	118.07	123.21	139.90	−0.4	3.80	152.23	143.12	118.28	123.08	140.47	175.31	146.08	145.66
World Ex. US (1682)	122.57	+0.2	115.48	95.42	99.57	103.62	+0.4	2.53	122.36	115.03	95.06	98.92	103.21	146.91	115.99	135.65
World Ex. UK (1978)	137.17	+0.5	129.24	106.78	111.44	122.82	+0.6	2.46	136.47	128.30	106.03	110.34	122.06	150.58	127.21	138.27
World Ex. So. Af. (2144)	140.28	+0.5	132.18	109.21	113.97	126.03	+0.6	2.87	139.62	131.27	108.48	112.89	125.26	153.05	130.04	140.76
World Ex. Japan (1732)	158.61	+0.5	149.45	123.48	128.87	150.92	+0.6	3.26	157.86	148.43	122.66	127.66	150.07	165.40	151.93	149.93
The World Index (2204)	140.22	+0.5	132.11	109.16	113.91	128.33	+0.6	2.88	139.56	131.21	108.43	112.84	125.58	153.70	130.66	141.43

Constituent change with effect 21/12/92: Deletion: Jungbunzlauer (Austria). Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING-AEROSPACE

[illegible]

ENGINEERING-GENERAL

[illegible]

ENGINEERING-GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or –	1992 high	1992 low	Yld Gr's	NAV	Dis or Pm(-)
Scottish Inv	♣□	184	+3	184	147	3.4	216.2	15.1
Warrants	□	36	+2	38	21	–	–	–
Scot Mortgage	♣†□	180	+3	180	135	2.9	205.8	12.5
Scot National Inc	♣□	83½	—	107	65¾	14.1	–	–
Cap	□	16	—	42	12½	–	40.5	55.6
Stepped Pf		191¼	—	155½	125	8.4	–	–
Zero Div Pf		207	—	207	166½	–	–	–
Warrants		5	—	9	3	–	–	–
Scot Value	†‡	69½	—	69	49	3.5	67.7	-1.1
Sec Alliance	♣	1353	+13	1350	1068	3.8	1516.2	10.8
Second Market	[illegible]	251	+1	255	222	0.8	295.3	15.2
Sec Tst Scot	♣□	73½	+1½	75½	61	5.9	77.8	5.6
Select Assets		107	+1	108	78½	1.1	148.5	28.3
Eq Ind Sat		129	+1	129	108	4.4	–	–
Eq Ind Sat		129	+1	129	108	4.4	–	–
SHIRESCOT		99	—	100	95	–	101.4	2.4
Shires	♣	230xd	+1	248	188	10.7	222.6	-3.1
11pc Cv Ln '03/04		£117½	—	£119½	£95½	8.4	–	–
Siam Select		97	—	103	88	0.3	127.9	24.6
Warrants		16	—	21	10	–	–	–
Smaller Cos	□	73	+2	85	60	4.6	79.3	8.8
Warrants		14	+1	29	10	–	–	–
Somerset Tst		126	—	140	95	–	89.8	-40.3
Sphere Inc	N□	12	—	20	9½	34.4	21.3	49.1
Zero Div Pf		69	+½	69	63¼	–	–	–
Sussit		38	+2	55	30	4.4	93.1	59.7
TR City of Lon	□	123½	+1½	127½	97½	5.1	121.6	-1.5
TR Euro Growth	♣□	74	—	90	70	2.4	96.2	23.1
Pig Sub		32	—	54	32	6.6	–	–
TR Far East Inc	♣□	108½	-½	115	76	6.5	114.8	5.5
Warrants		19	—	22	12	–	–	–
TR High Inc		106	-1	111	91	7.5	107.1	1.0
Sub	♣	23	—	35	21	8.7	–	–
TR Pacific	♣□	103	—	107	70	0.3	108.0	3.7
TR Prop	♣□	16½	—	27	14½	‡	26.8	38.0
TR Smaller	♣□	137	+3	182	95	3.8	146.6	6.9

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

INVESTMENT COMPANIES

Net asset values supplied by County NatWest Wood Mackenzie as a guide only. See guide to London Share Service.

MEDIA

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Notes	Price	+ or –	1992 high	1992 low	Mkt Cap £m	Yld Gr's
Geevor		4¾	—	6	4½	1.82	–
Glencar Expl IE	‡‡	8	—	16	6	1.48	–
Greenwich Res	□	6¼	—	11	2	3.86	–
Hanlo Gold C$		93½	—	55½	53¼	379.6	2.6
Ivernia West IE	‡‡□	33	—	53	30	18.6	–
Kells Mins IE	‡‡□	11	-1	42	11	0.27	–
Kenmare	[illegible]□	6¼	—	7	2¼	6.00	–
Malinga Res		17½	-1½	40	8	1.93	–
Nevan Res IE	‡‡	34	+1	34	18	4.50	–
Oryx Gold		46¾	—	100	46¾	–	–
Plateau		3	—	13	3	1.37	–
RTZ	□	684	+14	699	469	6,859	3.8
Vizcaya	[illegible]	1½	—	3	1	0.80	–

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- § Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Not subject to ACT. z Dividend yield including a special payment. E Auction basis. F Yield based on prospectus or other official estimates for 1994-95. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1993. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1993-94. N Yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1994. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

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FINANCIAL TIMES
Weekend December 19/December 20 1992

Bush and Clinton pressed to accept gradual increase in pressure on Serbia

Major urges caution on Bosnia

By Philip Stephens, Political Editor, in Washington

MR JOHN MAJOR last night urged President George Bush and President-elect Bill Clinton to accept a gradual increase of pressure on Serbia rather than immediate military action to enforce the no-fly zone over Bosnia.

As the British prime minister joined Mr Bush in Camp David after a telephone conversation with Mr Clinton, his officials voiced confidence that this weekend's talks would result in the passage by Christmas of a United Nations resolution authorising military action to ground Serbian flights.

The resolution would be accompanied by sanctions designed to reinforce Serbia's isolation from the rest of the international community.

Mr Major's talks came amid signs that western governments were preparing to give full international recognition to the former Yugoslav province of Macedonia which is also threatened by Serb expansionism.

At last week's summit in Edinburgh, Greece blocked European Community recognition of Macedonia because of objections to its name. But senior British officials believe that the stalemate in the EC will not prevent Macedonia securing full UN membership in the first two or three months of next year.

The officials stressed the "deterrent" element in the new UN resolution on Bosnia, adding that Mr Major remained firmly opposed to immediate military action against aircraft breaching the no-fly zone.

Senior British officials said that in hectic negotiations in Europe this week both the US and France had pressed for a tougher military response to Serbian violations.

But they said Mr Major remained opposed to action which, although attractive as an international gesture, but would have little military effect and would threaten the 2,400 British ground troops in the former Yugoslav republic.

In talks in Ottawa with Mr Brian Mulroney, Mr Major won the support of the Canadian prime minister. Both agreed that passage of a resolution authorising enforcement of the no-fly zone could be followed by a graduated response to violations.

Serbian aircraft might first be warned against taking off and then face the prospect of being forced to land rather than the threat of immediately being shot down.

In Sarajevo yesterday, Lord Owen, co-chairman of the international conference on Yugoslavia, persuaded Bosnian Moslems to agree to attend face-to-face local talks with Serbs and Croats.

"There is a readiness that wasn't there in September to talk . . . Whether it is serious we shall see," he said.

Michael Littlejohns reports from the United Nations: The UN Security Council yesterday authorised UN troops to escort an EC delegation that will go to Bosnia to investigate reports of the systematic detention and rape of Moslem women by Serbian militias. In a unanimous resolution, the Council condemned "these acts of unspeakable brutality".

John Major and President Bush share a light-hearted moment during talks at the White House yesterday.

Financier gives $50m for Bosnia, Page 2

THE LEX COLUMN

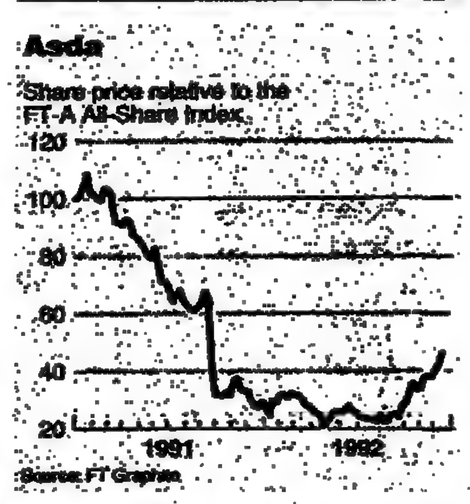
Tesco shops abroad

Tesco's diversification into France represents a small step for the UK's second-biggest food retailer but may be seen as a symbolic leap for the industry. The move is one of the strongest signals that its leaders are intent on diversification after the current surge of superstore openings runs its course.

By the mid-1990s, the UK food retailing landscape will have a very different feel. Sainsbury, Tesco, and Safeway will have added another 250 superstores, exerting effective dominance at the upper end of the market. Their stores will be generating large cash flows. Some of it will be ploughed back into replacement stores; the remainder will probably be used to diversify. Sainsbury will expand its US chain. Tesco has now set its sights on the continent.

As a first step, the choice of Catteau can hardly be faulted. The purchase is big enough for Tesco to learn about the French market and small enough to limit the risks – Catteau's profits represent less than 3 per cent of Tesco's. The intriguing question is what comes next. If the strategy is to make any sense, a sizeable acquisition must surely follow. In spite of Tesco's management skills, shareholders may yet wonder whether that would be wise. In some countries food retailers are run as safe utility companies with predictable earnings and high dividend payouts. UK grocers seem set to chance their arm rather than do the same.

FT-SE Index: 2789.7 (+49.4)



UK equities

Dramatic as it seems, yesterday's 50-point rise only brings the FT-SE 100 back roughly to where it was two weeks ago. The technical explanation is that market-makers had been clearing the decks to absorb stock from institutions which had been arbitraging the December index future. Since that contract expired yesterday, the index again represents underlying perceptions of value. If so, the market is taking a lot of recovery on trust: witness the way buying has spread to cyclical second-tier stocks, especially capital goods issues which are under-represented in the main index.

At another level the market seems simply to be anticipating a new year rally, but at this rate it will quickly reach levels which brokers have pencilled in for the end of 1993. Yesterday's M4 money supply figures, showing a seasonally adjusted £600m fall in November sterling lending, arguably point to doubt on the recovery. But the government is in no hurry to cut interest rates further. Even if it did, the outflow of building society funds suggests the fall would not be fully passed through to mortgage rates.

To sustain its advance, the market will need some good news in the new year: evidence, for example, that retailers really did have a bumper Christmas, or an early cut in German interest rates. It would be rash to count on either. Indeed, January might see the Bundesbank delaying rate cuts while the German economy turns even more decisively down. Those who have been snapping up cyclical stocks may yet burn their fingers.

Asda Group

Mr Archie Norman must be something of a local hero in Asda's home town of Leeds. In little more than a year he has turned round a grocery chain that was heading for severe financial trouble. As yesterday's interim figures revealed, Asda's trading decline has been halted, its debt mountain reduced, and its profitability restored. Shareholders who backed Asda's emergency rights issue at 35p must be feeling smug: the shares closed yesterday at 61p.

Sceptics will mutter that it is all too good to last. And they may well be right. Although Mr Norman has undoubtedly made an impressive start, he has yet to show a strategy for reviving long-term growth. It will be hard to pay down borrowings of £472m from normal trading activities. A capital expenditure budget of £130m looks inadequate to launch a discount chain such as Dales. A further £200m of sales will be lost to competitor openings this year.

The company's management may seek to exploit its shining reputation by staging a second rights issue. The City may be inclined to back it. But Asda's long-term survival is still not secure. That overhanging doubt may takethe wind out of the share price's recent rise.

Television

The market's response to Thames Television's failure to win the Channel 5 licence is puzzling, not least the 3 per cent rise in Carlton Communications shares. True, Thames planned to roll out the new station in London. That was bad news for Carlton, as holder of the London weekday franchise, and LWT. Without a new competitor the available pool of advertising revenue will be split fewer ways. But television accounts for only a modest percentage of Carlton's profits. With television advertising revenue weak, the outlook for Carlton Television is far from cloudless.

The 12 per cent slide in Thames shares follows a strong run on the assumption that the licence was in the bag. It is not certain, though, that Channel 5 was such a wonderful prize. Since Thames was the only bidder, it can only be assumed that the rest of the industry took a sceptical view. The company may be better off on the sidelines.

That is little help in valuing Thames shares. Talk of a judicial review aside, Thames will be hard pressed to find a route back into mainstream broadcasting. Its interest in the satellite repeats channel UK Gold is promising but limited by the size of the satellite television audience. That leaves Thames as a programming producer of undoubted quality but unproven margins.

Hong Kong

Jardine Matheson doubtless deplores being caught up in the cross fire between Beijing and Mr Chris Patten. But one cannot resist a sneaking admiration for China's adept manipulation of the Hong Kong stock market. Although it leaves the Hang Seng temporarily vulnerable, it shows China has a much more sophisticated grasp of capitalist ways than even the most ardent Russian reformer. That may be to Hong Kong's advantage after 1997.

City life continues to lose appeal

By Alan Pike, Social Affairs Correspondent

A CONTINUING shift in the UK population from urban to outer suburban and rural areas was revealed in the first detailed results of last year's 10-yearly census, published yesterday by the Office of Population, Censuses and Surveys.

The fastest-growing region, East Anglia, saw a 7.3 per cent rise between 1981 and 1991, while population fell in all metropolitan conurbations such as London, the West Midlands, Greater Manchester and Merseyside.

Last year's census was the first to ask a question about ethnic origin. While 94.5 per cent of the British population is white, people from ethnic minority backgrounds make up a quarter of the 2.5m population of inner London.

More than 20 per cent of the population comprises children under 16, with the highest proportion in the north-west. The south-west has the largest proportion of retired people.

A "substantial number of people", consisting mainly of men in their 20s, was missed out of the census last year, the OPCS admitted. While it believes that census staff tracked down almost everyone aged 45 and above, estimates for men in their 20s suggest an under-enumeration rate of up to 10 per cent.

There had been concern that some people would avoid completing census forms because they feared cross-checking of records to detect poll tax evasion. The OPCS says, however, that the scale of under-enumeration in the British census is similar to other recent censuses in Australia, Canada and the US.

Exodus from inner cities continues, Page 5

Watchdog accuses generators of inflating electricity prices

By David Lascelles, Resources Editor

BRITAIN'S TWO leading generators, National Power and PowerGen, were accused yesterday by Professor Stephen Littlechild, the electricity regulator, of using their dominant market position to push up electricity prices.

In the Review of Pool Prices report, he said that the companies constituted a duopoly which worked against consumers' interests by creating uncertainty and discouraging competition.

Although the report was further evidence of concern about the structure of the post-privatisation electricity industry, Prof Littlechild stopped short of accusing the generators of collusion.

Instead, he said, they both used their market strength to raise prices, even at the cost of losing market share.

Prof Littlechild found that higher prices were justified because the generators' production costs were generally higher than prices at which they could sell in the "pool", the wholesale power market.

Because of the technicalities of the pool, generators' practices might not lead to higher profits, or push up electricity prices for domestic consumers. But Prof Littlechild repeated charges that generators are pricing coal-based electricity too high in the contracts they are negotiating with distribution companies. These contracts are crucial to British Coal's future.

Yesterday's report, which came only two days after Sir James McKinnon, the gas regulator, demanded the break-up of British Gas, looked into complaints by big industrial electricity users about rising pool prices. Although Prof Littlechild finds no evidence of malpractice, the report will add to pressure for a restructuring of the generation market in England and Wales, where National Power and PowerGen hold 72 per cent between them.

He has threatened them with a monopolies reference if they do not mend their ways, but he may not act until 1995.

National Power, the largest generator, pointed out that Prof Littlechild had found nothing improper, nor objected to the pool prices increase. The company said it would discuss the coal contracts with the regulator.

Review of Pool Prices. Office of Electricity Regulation, Hagley House, Hagley Road, Edgbaston, Birmingham B16 8OG.

● Sir Leon Brittan, EC competition commissioner, told the Trades Union Congress yesterday he would investigate their complaint that the UK energy market is unfair to coal. The TUC claims distributors are buying more expensive gas-fired power, in breach of competition clauses in the Treaty of Rome.

Coal costs 'revised up', Page 5

Tesco buys chain in France

Continued from Page 1

present management, supplemented by four members of Tesco's senior management. The Catteau family will retain 24 per cent of the shares.

Tesco said it did not expect any redundancies as a result of the acquisition and hoped it would create jobs.

Catteau operates 90 food stores in northern France – of which 56 have been added in the past five years – mostly in the Nord-Pas de Calais region. Two are hypermarkets operating under the HyperCedico name, of a similar size to Tesco's UK superstores. The 63 others, under the name Cedico, are smaller than Tesco UK stores. The chain also operates 25 convenience stores.

Mr Reid emphasised that Catteau would continue to be run as a stand-alone basis. He said Tesco's plans to continue expanding by opening stores in the UK were unaffected by the acquisition.

Tesco plans to spend between £350m and £400m next year on opening UK superstores, compared with the £150m for Catteau.

Analysts' reactions to the announcement were mixed, although they said Catteau's profits last year represented some of the best margins among French retailers. But they added that the acquisition would focus attention on Tesco's growth prospects in the UK.

TV channel

Continued from Page 1

readvertising the licence would be examined.

Another option would be to offer a number of separate city television licences, a step requiring legislation.

The ITC's decision was welcomed by the Consumers' Association last night. The association said there was now an opportunity to start a proper debate about what viewers wanted from Channel 5.

● Mr David Elstein, director of programmes at Thames Television, is to become director of programmes at British Sky Broadcasting, a new post at the satellite television company.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)

Rises			
Allianz	1908	+	43
Porsche	420	+	18.5
Falls			
Bil & Berger	773	–	12
Hochtief	910	–	17
Holzmann Ph	760	–	24
Sud Chemie	480	–	10

New York ($)

Rises			
Compaq	45⅞	+	1⅛
Motorola	105	+	⅜
Van Dorn	20⅜	+	1⅞
Varian	27	+	3
Falls			
Am Oil & Gas	11½	–	2
IBM	51⅝	–	1⅜

New York prices at 12.30pm

Paris (FFrs)

Rises			
AGF	488	+	18
BIC	928	+	25
Cred Lyon	426	+	14
Promodes	530	+	19
Roussel-Uclaf	422	+	27
Falls			
Accor Entrepr	385	–	14

Tokyo (Yen)

Rises			
Hyogo Bank	610	+	100
Showa Aircraft	1030	+	99
Uchida Yoko	565	+	55
Falls			
Asia Air	1070	–	130
Konami	3000	–	500
Yokohama Matsu	575	–	120

London (Pence)

Rises			
ASDA	61	+	7½
Aegis	20	+	3
Baird (Wm)	231	+	23
Barratt Dev	104	+	9
Blue Circle	201	+	15
Brit Aerospace	167	+	14
European Motor	97	+	12
Fyffes	80	+	10
Geest	343	+	53
In Shops	62	+	8
Kleen-E-Ze	66	+	10
Mallett	45	+	7
McAlpine (A)	113	+	15
Parkland Txt A	70	+	10
Pilkington	102	+	10
Queens Moat	38	+	4
Savoy A	560	+	35
Southnews	98	+	15
Wace	58	+	10
Falls			
New London	5	–	2
Rolls-Royce	108½	–	5½
Sycamore	5½	–	2½
Thames TV	158	–	22
Zotters	82	–	11

World Weather

UK Today: Another wet day is expected, with the possibility of rain turning to sleet or snow on higher ground. Most of the country will be cold but with sunny periods. The northerly wind will make it feel particularly cold.

		°C	°F																
Ajaccio	SF	150	590	Cairo	S	17	63	Inverness	C	4	39	Milan	C	5	41	Salzburg	S	-1	30
Algiers	F	15	59	Cape Town	S	25	77	Isle of Man	R	5	41	Montreal †	S	-2	28	S'Francisco †	S	3	37
Amsterdam	S	9	48	Cardiff	R	11	52	Istanbul	C	7	45	Moscow	C	0	32	Seoul	S	4	39
Athens	F	13	55	Chicago †	C	-3	27	Jersey	C	10	50	Munich	C	-1	30	Singapore	F	27	81
Bahrain		–	–	Cologne	S	3	37	Johannesburg	F	27	81	Nairobi		–	–	Stockholm	C	5	41
Barcelona	S	14	57	Copenhagen	S	5	41	Las Palmas	S	19	66	Naples	S	15	59	Strasbourg	C	-1	30
Beijing	C	0	32	Corfu	S	13	55	Leeds	R	9	48	Nassau		–	–	Sydney	R	20	68
Belfast	F	4	39	Dallas †	S	1	34	Lisbon	C	11	52	Newcastle	R	8	46	Tangier	F	14	57
Belgrade	Fg	-1	30	Dublin	F	5	41	Locarno	Fg	1	34	New Delhi	S	22	72	Tel Aviv	R	12	54
Berlin	S	2	36	Dubrovnik		–	–	London	R	10	50	New York †	S	6	43	Tenerife	F	18	64
Biarritz	S	15	59	Edinburgh	C	5	41	Los Angeles †	S	11	52	Nice	S	13	55	Tokyo	S	10	50
Birmingham	R	10	50	Faro	F	15	59	Luxembourg	Fg	0	32	Nicosia	S	15	59	Toronto †	S	-1	30
Blackpool	R	5	41	Florence	S	13	55	Madeira	C	18	64	Oporto	F	13	55	Tunis	C	17	63
Bombay	S	31	88	Frankfurt	C	1	34	Madrid	F	7	45	Oslo	R	5	41	Valencia	S	14	57
Bordeaux	S	11	52	Geneva	C	1	34	Majorca	S	15	59	Paris	F	10	50	Vancouver †	S	-4	25
Boulogne	R	11	52	Gibraltar	C	14	57	Malaga	C	14	57	Perth	S	23	73	Venice	S	7	45
Bristol	RF	110	522	Glasgow	C	5	41	Malta	F	16	61	Prague	C	-1	30	Vienna	C	1	34
Brussels	S	9	48	Guernsey	C	11	52	Manchester	R	10	50	Reykjavik	S	-7	19	Warsaw	Dr	1	34
Budapest	C	-1	30	Helsinki	S	3	37	Melbourne	F	24	75	Rhodes	S	13	55	Washington †	F	5	41
Buenos Aires		–	–	Hong Kong		–	–	Mexico City		–	–	Rio d'Janeiro		–	–	Wellington	C	19	66
				Innsbruck	S	4	39	Miami †	C	21	70	Rome	S	15	59	Zurich	C	-2	28

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

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Weekend FT

SECTION II

Weekend December 19/December 20 1992

The child victims of India's slave trade

THE dusty care-worn villagers wait expectantly. They have travelled to Mirzapur, the sprawling north Indian city which is the centre of the country's carpet industry, hoping for a miracle. The man they have come so far to see smiles reassuringly and says: "We'll get your children back." He picks up the telephone and so begins a desperate effort to rescue the men's sons from illegal bonded labour.

The villagers have travelled by bus for days from their poverty-stricken farms. All are illiterate Untouchables, members of India's lowest caste and an easy target for exploitation. To ease their lives of abject poverty, they have sold their sons to carpet loom owners in return for Rs500 each and promises of well-paid work for the boys. Now, they want them back.

This tall man with the black beard is their last hope. He is Kailaish Satyarthi, a 37-year-old former electrical engineer, who has given up his career to become a social activist. To the horror of his family, he has also abandoned his own caste, the priestly Brahmins, to fight for the rights of Untouchables.

Satyarthi telephones Suresh Kumar Singh, the local magistrate, who is required by law to investigate violations of India's child labour legislation. But he is unobtainable, said by officials to be "too busy" to answer the call. After a fruitless six-hour wait, Satyarthi, accompanied by fellow campaigners against child servitude and a number of journalists, storms Singh's office – only to find it empty.

They wait in vain for a further hour, sitting on chairs before a large desk on which is written the motto: "Good public relations is the best policy". Eventually, a message comes, proposing a 7pm meeting at Singh's house.

Armed guards meet the group at the magistrate's colonial-style mansion. They lead the way inside where a smiling Singh apologises to Satyarthi for the delay – and promptly suggests postponing the meeting to the next day. Barely able to control himself, Satyarthi refuses. He insists that Singh or one his subordinates accompanies the group to rescue the children. "It's your duty," he argues.

Singh asks for the location of the two villages where the children are believed to be held and promises, in the best bureaucratic tradition, to see what he can do.

Tony McSweeney

CHILD labour is banned in India in many industries, including carpet weaving. Bonded labour, where the workers' freedom of movement is restricted, is illegal for employees of any age.

But India lacks the resources to properly police laws on child labour, as on many other social evils. The authorities are often loathe to upset businessmen such as the loom owners of Mirzapur who make a profitable living employing children to produce hand-knotted carpets for the showrooms of London, Berlin and New York.

Still less does the country have the means to quickly eradicate the economic pressures which force parents to sell their children into bondage, not just in the carpet industry but also in metalwork, quarrying and the manufacture of fireworks.

Moreover, even though caste equality is enshrined in the Indian constitution, caste consciousness makes many Indians insensitive to exploitation of Untouchables.

Slavery is an emotive term, child slavery particularly so. But it is difficult to see the bonded child labourers of Mirzapur as anything other than child slaves. The words are repugnant to carpet manufacturers and to officials of the textiles ministry.

However, as early as 1984, a local government official in Uttar Pradesh province, which includes Mirzapur, admitted the truth in a note for a visiting labour ministry delegation. He wrote: "The apprentices and wage earners...often work in conditions of semi-slavery."

Ignorance, greed and corruption ensure that the law is widely flouted in rural India. A Supreme Court Commission estimates that 75,000 children work in the carpet industry alone – most of them bonded workers. Anti-child labour campaigners put the figure at 300,000. Carpet industry employers maintain such figures are "lies" and insist there is no bonded child labour in the industry. The events of Satyarthi's rescue raid, which I witnessed, suggest otherwise.

The mission begins the morning after our tense meeting with the magistrate. Somewhat to our surprise, Singh has been as good as his word and arranged for a junior magistrate and four policemen armed with ancient ex-army rifles to travel with us. (It later emerges that Singh also found time to warn carpet industry bosses about the raids, as Satyarthi had feared.)

One father, Paltan Ram, said he sold his eight-years-old son Madan Lal to a loom owner for Rs500. Only later did he realise he, along with other parents, were losing their children for good.

To their horror, they discovered loom owners banned home visits and, sometimes, contact of any kind. Paltan Ram says when he tried to visit his son, he was driven away by a man armed with a shotgun. He and the others arrived in Mirzapur after hearing about Satyarthi's campaign from his co-workers, volunteers who travel to remote villages to collect information and contact parents who want to recover their children. (Although the families did not say, another spur may be the government grants of Rs6,250 for the families of rescued bonded labourers.)

Satyarthi tries to reassure the fathers as they stand in silence waiting for the rescue to begin. The junior magistrate seems distinctly unhappy about his assignment. Perhaps he is afraid there might be violence – as there was on previous rescue raids. Perhaps he does not relish the idea of challenging the carpet industry bosses, a power in the land in Mirzapur.

We drive out of the city in a dusty convoy of battered vehicles. Along the roadside stand the weavers' workshops, mostly huts housing a weaver and his family and one or two wooden looms. Every so often, there are large factories and warehouses – the premises of exporters who dominate the industry. They take orders from overseas buyers and then parcel out work to the loom owners, who in turn employ the weavers.

As we reach deeper into the countryside, the road deteriorates into a sandy track. The cars swerve constantly to avoid children, animals and the occasional bullock cart. The boys' fathers sit in silence, their faces drawn and fingers clenched. Satyarthi says he is worried that the delays may have given the loom owners a chance to learn about the planned raids.

As we near the first of the two chosen villages, the vehicles slow down and stop. We jump out and run through a maize field to some mud-brick huts surrounded by trees. Satyarthi heads straight for a large hut with a loom outside it, and discovers three boys cowering inside.

Satyarthi rushes outside. "There must be more. Search everywhere," he shouts to his fellow campaigners. The activists fan out across the village and into the surrounding fields. They find three more boys. Six altogether. Satyarthi is disappointed – he had expected eight. The loom owner is also missing.

Satyarthi urges the group back into the cars – it is essential to reach the second village before word about the first raid spreads. Already about 50 villagers are milling around us. As before, we drive as close as possible to the village, and then rush in on foot. Satyarthi sprints into a courtyard where the looms are housed behind walls studded with broken glass. But it is too late. The boys he expected to find are gone.

Paltan Ram, Madan Lal's father, is distraught. "I want to die," he says, tears welling up in his tired, blood-shot eyes.

But all is not lost. Searching through one of the village huts, Satyarthi's co-workers find the loom owner, Govind Singh. They drag him before the junior magistrate, demanding action. "What are you waiting for? The parents are here. The loom owner is here. You have the power to hold a summary trial," shouts Satyarthi. He pulls out a file containing the details of child labour legislation. "The maximum penalty is three years' jail," he says, glaring at the loom owner.

The junior magistrate now seems more uncomfortable than ever. As he sits wondering what to do, the loom owner's servants come out with water and biscuits and beds for the visitors to sit on. Satyarthi takes written statements from the fathers, including lines expressing their fears that the loom owner might kill their children. He threatens the loom owner, saying he would be charged with kidnapping unless he produced the boys.

For more than an hour, we sit in the sun as the junior magistrate, the loom owner and Satyarthi talk and shout at each other. Eventually, the loom owner caves in and promises to surrender the children. He leaves, accompanied by the junior magistrate. Another 30 minutes' wait. Finally, the junior magistrate and the loom owner return, bringing with them three boys. Shyly, they take their fathers' hands, barely understanding what is going on. Among them is Madan Lal.

India's poor sell their children as cheap labour without suspecting the true nature of the transaction, writes ***Stephan Wagstyl***

Paltan Ram hugs his son saying: "I feel so good." Madan Lal allows Satyarthi to examine him. His arms are covered with scars from scabies, caused by a common allergy to wool. On one finger he has a cut, black with diesel oil, which the loom owner applied to the wound to stop the blood from staining the carpets.

The junior magistrate reluctantly arrests Govind Singh, the loom owner. Satyarthi is triumphant. The rescued boys and their fathers walk quietly back to the cars, overwhelmed by what has happened.

Back in Mirzapur, the boys are registered by clerks at the district magistrate's office. Madan Lal is the youngest. The oldest is 15 and has spent five years at the loom. All look thin, and several have signs of scabies.

For the most part, the boys have few complaints about their food, which consisted of thin soups, vegetables and bread. But in almost every other way they were abused. They worked 12 hours a day from 6am to 6pm, with three half-hour breaks for meals – seven days a week, every week of the year.

They were rarely allowed out of the huts in which they worked and slept. One says: "Even when I went

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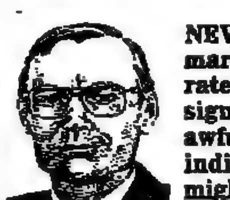
Benozzo Gozzoli's masterly renaissance frescoes in Florence restored to their full glory .... Page XVI

The Long View / **Barry Riley**

A year of house arrest



NEVER SELL the stock market when interest rates are going down significantly, however awful the prospects for individual companies might appear to be.

A year ago, therefore, I thought it right to be modestly bullish about the UK stock market, even though I did not believe that there would be any economic recovery in 1992. I thought we were heading for a serious currency crisis and, indeed, I suggested that after a quiet 1991 for the European exchange rate mechanism, the ensuing year would present immense challenges to the whole system.

So much for the broad picture, but the details were not so easy to foresee. For instance, German short-term interest rates proved even slower to come down than I expected, and DM money market rates have dropped only half a percentage point during the 12 months. That put disastrous pressure on the ERM. In the end, therefore, UK share prices enjoyed two substantial bonuses, not just from the unexpectedly clear Conservative victory in the April election but also from the complete exit of sterling from the ERM in September.

The big "what if . . ." question for 1992 must be about the possibility that Labour might have won the election and then tried to hold a devalued pound within the ERM, at still-high interest rates. That combination easily could have pushed the FT-SE 100 index below 2,000. As it is, short-term sterling rates have dropped by 3½ points over the year, although the drop in long-dated gilt-edged yields has been only 0.7 of a point. In any case, the summer crisis sent Footsie down to a low of 2,281 on August 25, having hit a post-election peak of 2,737 on May 11. But, thanks to the departure from the ERM and the subsequent tumble in money rates, all that ground was recovered: the year's high (*almost regained last night*) was 2,792 on *December 1*.

The overall rate of return on UK equities so far this year to date has been about 17 per cent and, interestingly, you could have done as well in index-linked gilts, which enjoyed a strong surge after Black Wednesday, September 16. Fixed-interest gilts have, curiously enough, given very much the same return, too; domestic portfolio strategists will note that, for the second year running, there has been little to choose between bonds and equities. The big relative losers have been those still holding liquid assets, with the return down from 12.3 per cent the year before to something under 10 per cent for 1992 – with worse to come, although the decline is broadly justified by the fall in the rate of inflation.

But the game in 1992 was, of course, all about currencies. You could have earned 23 or 24 per cent gross on Deutsche mark or dollar deposits. D-mark and dollar bonds have performed a few points better than that. For sterling-based investors, it has been very much the year of international fixed income (the year's top unit trust sector). Apart from the currency effect, though, most of the equity markets around the world have been disappointing. You had to dabble in politically-risky south east Asian markets like Hong Kong and Thailand to make decent profits.

Wall Street is only slightly higher in dollar terms, having moved relentlessly sideways in what has been the least volatile year for US equities since 1912. Japan is well down on the year, although also usefully up on its own August low point. Continental European markets have generally been dull.

A sluggish world economy has provided the backdrop for the general disappointment in the financial markets. Economic growth is likely to have been only 1.5 per cent on average in 1992 for the 24 member states of the OECD. *There are serious debt problems in the* US, Japan, the UK and elsewhere, and part of the burden of this debt is in the process of being transferred from the private sector to the public finances; according to broker James Capel, the total net government borrowing by the top seven countries next year is likely to be $750bn, so it is scarcely surprising that the markets are under a cloud.

All the same, British investors have escaped yet again from the consequences of economic failure. Pension funds could well see a return of more than 15 per cent against a growth of under 6 per cent in their pay-linked liabilities. In August, of course, things did not seem at all so rosy. But now, institutional fund managers, who often have an 85 per cent exposure to the equity markets at home and abroad, are rubbing their hands with satisfaction over the UK's return to old devaluationary and inflationary ways.

In one area, however, true calamity has struck. The residential housing market is stuck in its worst-ever slump and the long-term economic consequences could be dire. More than 1m families have been wiped out financially and millions more have had their confidence destroyed.

House prices have fallen by about 8 per cent in 1992, slicing perhaps £80bn off the notional wealth of British citizens. On the other side of the balance sheet, the debt mountain heaped upon home-owners has begun to erode only slowly in proportion to incomes, although the sharp interest rate drop has at least eased the burden of monthly instalments. This stupendous policy error of the 1980s will take many years to correct. Sterling devaluations are old hat, but such a house market meltdown is unprecedented.

Goodbye 1992, the year in which, with one September shuffle, chancellor Norman Lamont was free – but millions of home-buyers stayed trapped.

The next Weekend FT will be published on Thursday, December 24

MARKETS

London Markets

Bring on the man in the gold lamé suit

By Peter Martin, Financial Editor

To: Chancellor
From: Director General, Oflot
Date: December 17, 1994

DEAR Chancellor, Now that I have come to grips with my job as head of the Office of the National Lottery, I would like to offer my services on a wider canvas.

As you know, the lottery has been successfully launched, and has achieved its underlying aim. Two years to the day after it was first announced, it is already generating a flood of just-fancy-that stories for the newspapers, usefully distracting attention from the government's problems of rising inflation and higher taxes.

I now propose ways of applying Oflot's "light-touch" regulatory style to other areas of national life. Within a matter of months, it would be possible for my five-person team to achieve major economies by taking over the duties of the Civil Aviation Authority, the Independent Television Commission, the Monopolies and Mergers Commission and the Department of Health.

The techniques developed over the past few years in devising El Normo ("The fat one") are admirably suited to the tasks of allocating "slots" at airports, licensing television stations, reviewing mergers, reorganising the brewing industry and restructuring London's hospitals.

Cost-benefit analysis shows that a televised drawing of lots by a man in a gold lamé suit and a woman with a short skirt would achieve far more intellectually coherent decisions than current procedures.

The biggest potential gains, however, come in the area of financial markets supervision. If you agree, a simple one-clause bill amending the Financial Services Act of 1986 would abolish the Securities and Investments Board, the London Stock Exchange, Liffe, Fimbra, Imro, Lloyd's Council, the Accounting Standards Board and many other official bodies.

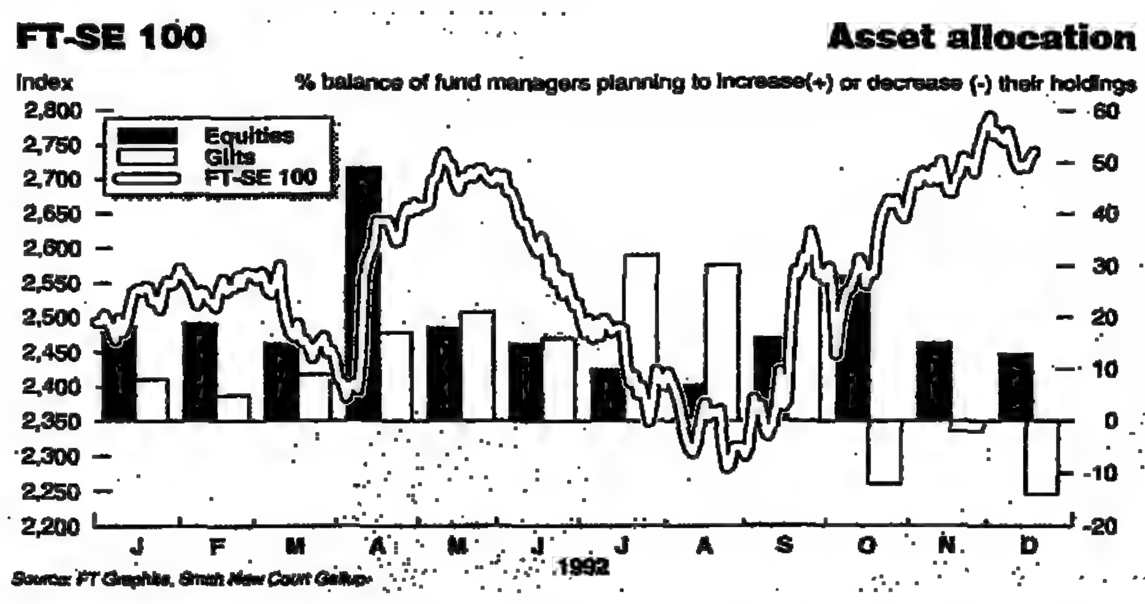
In taking over from these institutions, my office would bring new levels of integrity to the supervision of financial markets, assisted by our distinguished US consultant Tony "Scarface" Gamborelli.

I hope you agree. But if you can not make up your mind, please do not set up a committee to decide: toss a coin.

* * *

The pent-up demand for a national lottery was clearly in evidence on Friday, as fund managers bought millions of pounds worth of tickets for the stock market's soon-to-be-outdated form of tombola.

In one of the heaviest days of trading since the surge of activity that followed Britain's departure from the exchange rate mechanism, the FT-SE 100 index rose 49.4 points, to close at 2,789.7, up 73.5 on the week.



Source: FT Graphite, Smith New Court Gallup

There was no obvious trigger, except perhaps some startlingly good interim results from Asda, the food store chain. The new management installed after a boardroom coup last year was able to report pre-tax profits of £46m, much higher than the £10m (before exceptional items) recorded for the same period last year and analysts' forecasts of around £35m.

The market clearly took this as a sign that at least one potential recovery stock was in fact recovering. It was one of those cheering moments that are enough to outweigh a week's worth of economic statistics – unemployment, input prices, retail sales, and so on – all still stubbornly refusing to provide the firm evidence of economic recovery that the market now daily anticipates.

Interestingly, the Smith New Court/Gallup survey of institutional investors' intensions, published early in the week, suggests that fund managers are in two minds about the outlook. The chart of asset allocation intentions, shown above, indicates that the big increase in appetite for UK equities that followed the ERM exit is now slackening off (and the summer's enthusiasm for gilts is now a fond memory).

But institutions' general optimism about the equity market seems to be accelerating: the balance of fund managers who are bullish about the FT-SE 100 index leapt from 27 per cent in November to 42 per cent in December. Economic expectations also improved in the month.

That combination of cautious intentions but underlying optimism probably helps to explain Friday's rush of buying. Fund managers, with memories of last year's year-end surge in shares, could be forgiven for deciding that the risks of being stuck in cash over the holiday period, with the year-end portfolio measurement deadline looming, were just too great.

The gambling theme pervaded the week, not least in an updated version of one of those Victorian morality tales in which the reprobate plunger finally pays the price for his wild moments at the *chemin-de-fer* table five years before.

On Thursday, Barclays announced the bill for two heady moments in 1987 and 1991 when it staked a total £440m on lending to Imry, the property developer. It was the steepest price any UK bank has paid for bad lending to a single UK company: a write-off of £196m and a further provision of £44m. Barclays shares ended the week unchanged at 378p.

The week's real gambling story, the national lottery, largely passed the stock market by – unless you are a shareholder of Zetters, the only one of the big three pools operators that is an independent quoted company.

With the national lottery part of the Conservative manifesto, Zetters shares missed the post-election rally and have since slid steadily, closing yesterday at 82p, well down from their January high of 136p.

Not surprising, perhaps, when the industry's own trade association is telling the newspapers that both Zetters and Vernons will have to pull out of the business unless the government changes its mind. Well, as they say in Whitehall, *alea jacta est*.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992 High	1992 Low	
FT-SE 100 Index	2789.7	+73.5	2792.0	2281.0	Economic recovery hopes
FT-SE Mid 250 Index	2783.6	+121.6	2825.8	2157.6	Wider institutional demand
ASDA	61	+9	61½	22½	Good results
Amber Day	42	+13	109	23	Board changes/restructuring
British Aerospace	167	+28	379	100	Airbus orders
Eurotunnel Uts	325	-20	486	293	Talks with TML break down
GEC	279	+20	279½	163	Credit Lyonnais "buy"
Graseby	129	+27	227	102	Hoare Govett 1993 "nap"
Hillsdown	137	+26	200	68	Board changes/dividend pledge
MB-Caradon	282	+25	320	200	James Capel recommendation
MTM	14	-18	290	11	Profits warning
Tiphook	350	+66	478	214	Good results/County recommendation
Wace	58	-28	195	48	Profits warning
Wimpey (G)	118	+20	189	65	Encouraging housing mkt report
Zetters	82	-13	136	81	National lottery fears

Serious Money

So you thought 1992 was bad . . .

By Philip Coggan, Personal Finance Editor

THE BRITISH government's finances are in a mess. This year, it is expected to run up a deficit of £37bn; in 1993-94, the prediction is £44bn. And those are only the Treasury's forecasts. Some economists are predicting that the deficit for 1993-94 could be well over £50bn.

There are two things which governments can do to reduce deficits; cut spending and increase taxes. Both are difficult and unpopular. Some spending programmes (such as social security) increase automatically in a recession; others, such as health, rise slowly but surely because of improved technology and an ageing population.

Government ministers are terrier-like in defending their departmental budgets, and the long drawn-out public spending rounds each autumn often result in minimal savings. In any case, spending plans are already set for 1993-94, so the government's only option for reducing the budget deficit in the near term – short of crisis measures – is to raise taxes.

The government has made a long-term commitment to reducing the basic rate of income tax, so it would be highly embarrassing if it were to make yet another policy U-turn in this area.

The changes expected most widely in next year's Budget are an above-inflation rise in excise duties and an increase in the scope of value-added tax. Such moves would mean that savers' pounds go less far at the supermarket; but, in terms of financial planning, there is little they can do.

Where savers can take action is by dealing with the prospect of an increase in direct taxation. It might not come in the next Budget, although there could be an increase in the National Insurance ceiling which would affect those in work. But if government finances deteriorate as much as some economists expect, the chances are that one, or more, of the following will occur:

- An increase in the top-rate band of 40 per cent.
- Introduction of a new top rate (above the 40 per cent level) of, say, 50 per cent for high earners.
- A reduction in the scope of tax shelters, such as higher-rate relief on pensions or even mortgage interest relief.

Nobody in government will admit to such a possibility at the moment. But, as we all know, this administration has been forced to backtrack on its promises in the past; financial crises may force it to do so in the future. And Martin Wooller, fixed income director of Fidelity Investments in London, says: "There is a significant risk of a 1976 IMF-style crisis during 1994."

'Some economists are predicting a 1993-94 deficit of £50bn'

So, what can savers do? The obvious strategy is to take advantage of the existing tax shelters, which will prove even more valuable if tax rates increase. All of these are well known but worth reconsidering as you digest your mince pies over the holidays:

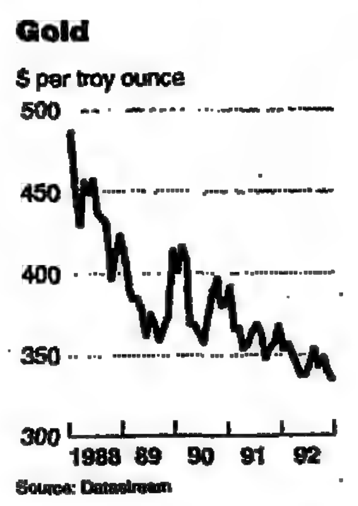
- **Tax-exempt special savings accounts (Tessas).** The second anniversary is now due and a further £1,800 can thus be invested. If you have not opened a Tessa at all, shame on you; you are missing the chance to earn tax-free interest. You can invest £3,000 in the first year and a maximum of £9,000 over five years.
- **National Savings.** Inflation might have dropped to 3 per cent but it could yet return in force in the mid-1990s. The tax-free 3.25 per cent real return (if held for five years) on the 6th issue of index-linked National Savings looks attractive. A maximum £5,000 can be invested.
- **Index-linked gilts.** Interesting for the same reason as given above, but inflation protection is available for longer and there is no upper limit on investment. Much of the return is in the form of tax-free capital gain; but tax is payable on the small (2 or 2.5 per cent) income. Real yields are between 3.5 and 4 per cent on longer issues.
- **Personal equity plans.** Not for the totally risk-averse, but equities have *outperformed* the building societies over the long run, and most experts think they will do so over the short term.

A low-cost plan is Gartmore's Index fund, which tracks the All-Share index, has an annual management charge of 0.5 per cent, and is available in Pep form, from W.I. Carr, for an initial charge of £30 plus VAT. It might not be top of the performance tables over the next five years, but it certainly will not be bottom.

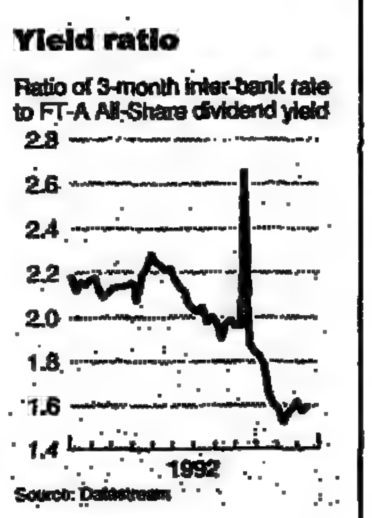
- **Zero coupon shares of split capital investment trusts.** Most investors do not use their annual capital gains tax allowance (£5,800 in 1992-93). Zero shares pay no income, but are designed to grow steadily in capital value; if you do not use up your CGT allowance, returns are tax-free. Some zeroes are safer than others (all involve some risk) and you need the advice of a good stockbroker in this market.
- **Business expansion schemes.** There have been a lot of poor BES vehicles in the past, but some issues are now available with a clearing bank guarantee. These are worth investigating, especially as this loophole will be closed at the end of 1993.

A final caveat. No investment should ever be made purely for tax reasons; better to pay tax on your profits than to make no profits at all.

AT A GLANCE



Source: Datastream



Source: Datastream

Gold continues to lose its allure . . .

GOLD'S PRICE seems almost certain to end the year close to its lowest level for five years because speculators in Europe, Japan and North America have almost completely lost interest in it. The precious metal is also locked into a very narrow trading range, with record demand from the jewellery industry this year being offset by producers hedging and selling forward any time the price attempts a significant break upwards. Another factor holding down the price in 1992 is central bank selling. Central banks have huge stocks of gold which earn practically nothing and they now seem more willing to let some go into the market. Analysts suggest this phenomenon will weigh heavily on the price for some time to come.

. . . and so does cash

The gap between the return available on cash and that on shares has narrowed substantially over the year, as the graph shows. Savers may have started to notice; building societies suffered a net outflow in November and PEP sales have been going well. **Building societies face competition, Section I, Page 7.**

Cambridge launches BES

Cambridge University launched a new Business Expansion Scheme yesterday. The Cambridge University Residential BES comes with a "buy-back" guarantee after five years from the university, to pay £1.14 for every £1 share bought now. Cambridge has invested in gilts and deposits to cover this, but the payment is at risk should the university go out of business in the next five years.
Non-recourse loans are available from Barclays for top-rate taxpayers who invest at least £7,000 – these offer £740 for every £1,000 after six months, and £780 for every £1,000 after a year. The effective post-tax investment is £600. The first £1.5m has been reserved for supporters of Cambridge University. The offer is open to the general public from January 1, but it is probably worth submitting applications before then.

Small companies perk up

Small company shares seem to be ending the year on a high note. The Hoare Govett Smaller Companies Index (capital gains version) rose 1.9 per cent from 1126.07 to 1147.06 over the seven days to December 17; the County index increased 1.8 per cent from 868.43 to 884.2 during the same period.

A staggered PEP

A new portfolio service is on offer from a combination of Bath-based advisers Warner Matthews, stockbrokers Foster & Braithwaite and Baring Private Investment Management. The portfolio combines a £6,000 ordinary PEP, managed by Foster & Braithwaite, with a regular savings scheme into a series of single company PEPs, managed by Barings. Investments into the single company PEPs will be funded by a 5 year temporary annuity. Initial charge is 4 per cent plus VAT on the ordinary PEP and 3 per cent plus VAT on the temporary PEP; annual management charges are 1.25 per cent and 1 per cent plus VAT respectively. The minimum investment is £12,000.

Wall Street

When the Big Blue chip is down

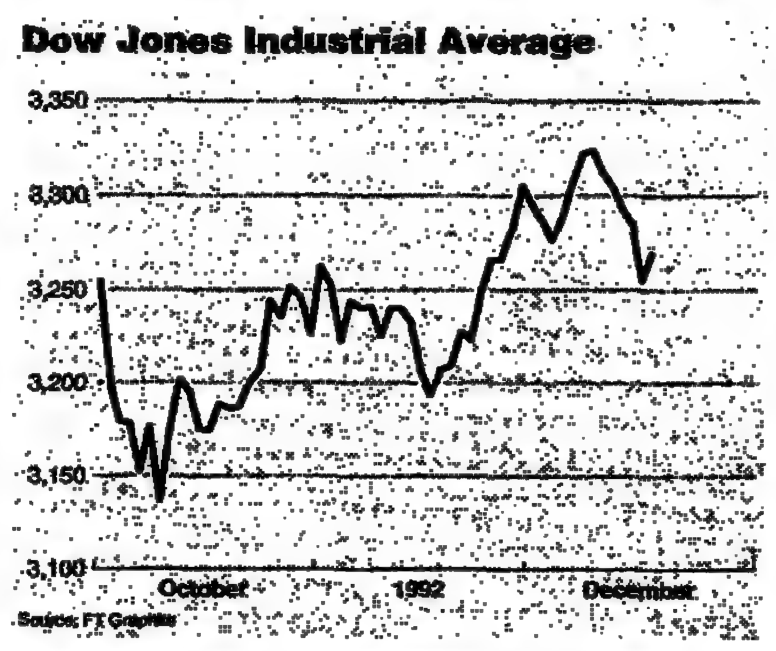
BLUE-CHIP (-chip) *adj* [after high-value blue chips of poker]. 1. designating any high-priced stock with a good record of earnings and price stability 2. [Colloq] excellent, valuable etc"
Webster's New World Dictionary

INTERNATIONAL Business Machines, "Big Blue" to its friends (a dwindling number these days), was once the king of the blue-chips. For much of the post-war era, it was a high-priced stock – $175 was the all-time peak, reached in 1987 – with a solid history of earnings and price stability. IBM, to its most ardent admirers at least, was a name that represented excellence and value.

Not any more. So bad has IBM been to investors, so unlike a blue-chip in its performance, that (as *The New York Times* calculated this week) a $1,000 stake invested in IBM just before the bull market began in 1982, would now be worth (not counting dividends) a meagre $857. That is the worst performance among the 30 stocks that make up the Dow Jones Industrial Average. In comparison, a similar amount invested in Coca-Cola in 1982 would now be worth $13,392.

This week IBM fell to a new 11-year low of $52, almost exactly half what the stock was worth in July, just before the latest troubles began. Those troubles - a shrinking share of the international computer market, slowing demand worldwide for IBM's goods (especially in Europe), and a rapidly changing and increasingly competitive market that is leaving IBM struggling to keep up in the technology products race – led to Tuesday's announcement of another radical restructuring plan.

The plan will involve cutting a further 25,000 jobs from IBM's workforce (about 8 per cent of the total) and reducing manufacturing capacity sharply. Not only will the company have to take a $6bn fourth quarter charge to cover the costs of the restructuring, but the annual IBM dividend is now threatened, as is the company's famed policy of avoiding compulsory redundancies.



Source: FT Graphite

Somewhat surprisingly, the stock market took the IBM news in its stride. Had it not been for IBM's 11 per cent plunge on Tuesday, the Dow would have shown a decent gain at the end of trading (instead of an eight-point loss).

Ironically, IBM's problems may actually be helping the market, or at least certain other stocks and sectors. Most investors that have scrambled to take their money out of IBM appear to have put it back somewhere else in the market.

Analysts say that individual investors have been switching from IBM into either growth-oriented small-capitalisation stocks, which are expected to do particularly well from the economic recovery, or into the big computer companies that are profiting most from IBM's travails.

Microsoft, for example, is up almost 20 per cent this year, and Intel – which earlier this week told investors that its fourth quarter earnings would come in about 25 per cent higher than the $1.43bn reported in the third quarter – is up almost 75 per cent since the New Year. IBM, in contrast, has fallen 42 per cent so far this year.

All in all, it was not a good week for blue-chips in general. On Wednesday Ford announced that it would cut its workforce in Europe by more than 10,000 by the end of next year in an attempt to reduce its production capacity to fit a shrinking European market. The job cuts will cost Ford a $419m charge in the fourth quarter.

Two other important constituents of the Dow, Minnesota Mining & Manufacturing and Goodyear, also fell into the market's disfavour. Shares in 3m dropped sharply on Thursday after the diversified manufacturing group said it was comfortable with the new, lower 1992 earnings forecast of $6.50 a share put out by several Wall Street analysts. Goodyear tumbled after broking house Merrill Lynch downgraded its rating on the stock from "above average" to "neutral".

That the market has held up so well in the face of bad performances from some of its bluest of blue-chips suggests that investors remain optimistic about the longer-term outlook for the economy and corporate earnings.

The market even seemed to draw comfort from this week's economic "summit" hosted in Little Rock, Arkansas, by President-elect Clinton. Although the political pundits were eager to label the meeting a publicity stunt, the exhaustive debate on the economic ills of the US, and what to do about them, seemed to strike a chord with the public.

Patrick Harverson

Monday	3,282.20	- 11.88
Tuesday	3,284.36	- 7.84
Wednesday	3,255.18	- 29.18
Thursday	3,269.23	+ 14.05

The Bottom Line

All aboard for some vertical integration

WHEN hordes of German and British holidaymakers descend on the same sun-blessed paradise, it is usually time for the discerning to go somewhere else. In both countries, travel groups have decided that it is not enough to arrange holidays; they also have to sell them and fly the customers to their destinations. Vertical integration is the latest holiday industry vogue. Many of the claimed benefits, however, are still unproved.

This week, Owners Abroad, the UK's second biggest tour operator, announced a tie-up with Thomas Cook, the second biggest travel agents' chain. Thomas Cook, which is taking a 10.3 per cent share in Owners, was itself acquired earlier this year by LTU, a large German travel company.

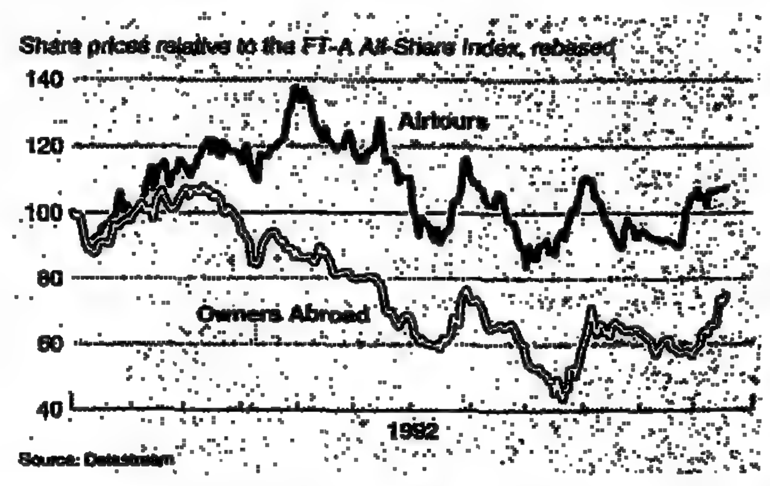
Airtours, the third biggest tour operator, bought the Pickfords travel agency last September. Thomson, the industry leader, owns Lunn Poly.

This consolidation has been the travel industry's most notable development in 1992. But the year is not over, and it might get more interesting.

Owners Abroad received a preliminary approach earlier this year from Airtours, which expressed an interest in buying it. A takeover might raise monopoly issues, as Thomson and the enlarged Airtours would between them have close to 60 per cent of the UK package tour market.

Talk of a bid for Owners has helped to lift its share price from a low of 46p last September to 90p at yesterday's close. Generally, however, the market has not been well disposed towards the holiday companies over the past year.

In 1991, Owners Abroad out-



Source: Datastream

performed the FT All-Share index for most of the year. Airtours rose further than any other stock. As with most holiday romances, however, the attraction proved transitory.

The market's disillusionment is based on a belief that travel companies' margins are too vulnerable to price-cutting, although the criticism is more properly directed at Owners Abroad than Airtours. Airtours saw some erosion of margin, but pre-tax profits for the year to end-September 1992 still rose 32.7 per cent to £36.5m on turnover up 40 per cent to £405.6m.

Owners Abroad saw 1992 profits fall 19.3 per cent to £25.5m on turnover up 19.9 per cent to £772m. Owners said profits were depressed by a £4.9m restructuring charge which followed the move from London to cheaper premises. The rest of the fall was the result of this summer's price-cutting.

Howard Klein, Owners Abroad's chairman, described these as non-recurring events. Moving offices might be a one-off, but price-cutting is as non-recurring as flaming Mediterranean sunsets.

This is the real problem with vertical integration. Thomson has not been able to use its ownership of Lunn Poly to boost sales but Airtours and Owners Abroad, being more aggressive, might be able to. If they are too successful, however, Thomson will cut its prices to maintain its market share, as it has done before.

Klein protests that his company plans to reduce the number of holidays it sells in 1993 by 5 per cent. At the same time, however, he says its association with Thomas Cook will increase its sales in the longer term. If this is the case, a rise in market share is a likely prospect, with the price-cutting consequences that follow.

Owners Abroad is expected to make £34m pre-tax profits in 1993, with earnings per share of 11p. The Airtours forecast is £41.5m pre-tax profits and earnings per share of 30p. The prospective multiples are 8 and 9 respectively.

Given the relative resilience of the holiday business during the recession, that might seem a harsh judgment. But it will take a few summers of price stability to change it.

Michael Skapinker

FINANCE AND THE FAMILY

Brokers take their pick

***Philip Coggan** looks at trusts recommended as good buys for the small investor for next year*

INVESTORS are always being urged to move their savings into investment and unit trusts, but which ones should they choose? A bewildering variety of funds is on offer, and several different classes of share.

So, the *Weekend FT* asked four private client stockbrokers to pick three trusts for the small investor to buy for 1993 and beyond. Although we gave them the choice of unit or investment trusts, all opted for the latter – perhaps because of their lower costs and long-term outperformance of their unitised rivals.

■ **Brian Tora, of Greig Middleton,** starts by recommending **Merchants' Trust.** He says: "If you are looking for income, this is one of the most successful UK equity income trusts around. Over the past five years, it has changed from being an international fund to owning almost exclusively UK blue chip stocks.

"Kleinwort Benson is the manager and, despite yielding more than the FT-A All-Share index, it has been able to increase the dividend without buying income or resorting to convertibles or more risky investments. The discount is modest at 5 per cent, but at this level still offers better value than a unit trust."

Tora's next choice pick is **Alliance.** "For the growth-oriented investor, this is quality indeed. An £850m plus trust, it has a worldwide portfolio. The most important geographical areas are the UK, which represents 50 per cent and the US with 31 per cent.

"Dividend growth has been consistent, averaging 11 per cent plus over the past five years but even so the discount is in double figures. With the US moving out of recession and many major UK companies – well represented in Alliance's portfolio – benefiting from their North America exposure, this could be a good trust to hold for 1993."

Finally, he opts for **Abtrust New Dawn** but warns that "this is for the racier punter, convinced that the Far East is still the economic powerhouse of the world and prepared to take the risks that these volatile markets will deliver. A relatively small trust at £40m, it has recovered in recent months from a dull period as a result of high exposure to Indonesia and Thailand and by eschewing Hong Kong. The fund manager, Hugh Young, takes a cautious view of Hong Kong but is very optimistic for China overall. The 15 per cent discount takes good account of the riskier nature of these markets".

Paul Killik of Killik picks three UK-invested trusts because of his belief that the London market offers good value at present. He opts for **Law Debenture Corporation** "for capital appreciation combined with a market yield. The company's corporate trustee services makes the comparison of share price to net asset value, somewhat misleading with this trust. A fair value for trustee services would imply a reasonable discount for the quoted investments. Managed by Touche Remnant, this has been an outstanding long term performer."

Like Tora, Killik recommends Merchants Trust which "offers an above average yield of 5 per cent, with prospects for growth of both income and capital. Kleinwort's flagship trust is entirely invested in the UK, has shown good long term performance, has minimal gearing and a strong revenue reserve position."

Killik's third choice is **Drayton English & International Trust.** "On a 50 per cent discount to net asset value, with the unquoted element of the portfolio now below 15 per cent and a new manager on board, the gearing employed by this fund will enhance any strength in the UK smaller company sector, which is widely expected to outperform.

"The trust has assets of about £50m and debt of £25m. The shares are attractive for capital appreciation with a good yield but have a higher risk/reward profile."

Edwin Lilley of Bell Lawrie White in Edinburgh says: "I start by selecting the ideal widows and orphans stock, a generalist which will never be in the top quartile (25 per cent) of performers, but then I would not expect it to see it in the bottom quartile either. One of the few independents remaining, **Scottish Investment Trust** seeks capital and income growth through international investment and has consistently achieved these two objectives."

"It is a conservatively managed trust with a long established management team and is an ideal core holding. On a 15 per cent discount to net assets which is well above the sector average, a yield of 3.5 per cent, and with a modest amount of gearing to take advantage of the improving outlook for equities, the shares represent very solid value.

"Smaller companies have consistently underperformed their larger counterparts over the past three years but 1993 should see a broadening of investor interest away from the FT-SE constituents. Interest rates, one of the keys to recovery for smaller companies, have more than halved from earlier highs, and the prospect for further reductions in 1993 is real.

"My second choice therefore is **Fleming Mercantile,**" says Lilley "as it is the largest and one of the most successful smaller company specialists. It has approximately one third of its assets overseas, mainly in Hong Kong and the USA."

"The Fleming's bank connection has allowed the trust to get into a number of interesting situations at an early stage in their development and at around 20 per cent, unquoteds account for a significant part of the portfolio. The 15 per cent discount looks abnormally high in the context of its fine record over recent years."

For his third choice, Lilley picks the capital shares of **River & Mercantile** as "a geared play on economic recovery in the UK. Although the portfolio has a slight leaning towards higher income/recovery situations the list looks much stronger than one tends to see in the portfolios of other trusts with split capital structures.

"Nervousness over future dividend payouts has resulted in large falls in many higher yielding stocks and the net asset values of splits have suffered with capital shareholders being hit particularly hard because of the gearing.

"River & Mercantile's status also suffered due to the rights issue flop early in 1992 which left 80 per cent of the stock with underwriters. On the current discount, the capital shares offer exceptional value."

Nigel Sidebottom of Gerrard Vivian Gray starts with **Bankers Investment Trust.** "This international trust, managed by Touche Remnant's Michael Moule, has an excellent long-term performance record. Moule has consistently demonstrated his ability to outperform markets while sticking to a low risk value-based approach to investment through the 10 years he has managed the trust."

"Among the main international general investment trusts only Alliance has had comparable performance (in terms of NAV total return) over three and five years. Over 10 years, Bankers is well ahead. The current geographic exposure is 50 per cent UK, 23 per cent North America, 10 per cent Europe and 6 per cent Far East. The shares are on a 4.2 per cent discount and yield 3.5 per cent. The trust currently has about 15 per cent gearing through loans and debenture issues."

The trust is not Pep (personal equity plan) qualifying. However, TR provides an attractive savings scheme with a minimum £25 monthly investment."

Sidebottom's second option is for zero coupon shares in **Jos Holdings.** "These zeroes were created earlier this year when a conventional trust was reconstructed; they are redeemable on January 31, 2003 at 249p. With a current price of 108.5p, they will provide an annual compound growth of 8.6 per cent if held to redemption. There is 102 per cent cover, that is no growth is required from the underlying portfolio for the zero holders to receive the promised redemption value. They therefore provide virtually assured capital growth.

"Investors not making use of their £5,800 annual capital gains tax exemption will receive the 8.6 per cent redemption yield as a tax-free return which compares very well with the net returns available from the building society. Jos invests principally in UK and European equities and is managed by Kleinwort Benson."

The income shares of **St David's Investment Trust,** says Sidebottom, are suitable for investors requiring an exceptionally high income. "The trust has a fixed life and the income shares will be redeemed at 90p on November 30, 1998 and so ultimately investors buying the shares now – at a price of around 124p – will suffer some loss of capital. On the assumption, however, that dividends grow at 5 per cent per annum, the income shares will provide a gross yield to redemption of around 16 per cent.

"The trust is managed by Brian Banks at Guildhall Investment Management. The underlying portfolio is invested wholly in the UK and aims to generate both rising income and capital growth from a spread of blue chips, recovery stocks and special situations."

● *Prices, discounts and yields reflect those prevailing on Friday morning.*

Call to alter Pep rules

PROSHARE, the body set up to promote wider share ownership, has called on the Chancellor to alter the personal equity plan rules substantially in order to encourage greater investment in equities. Its major proposal is a "MegaPep" to encourage those who come into lump sums, via inheritance or retirement, to invest their capital in equities immediately.

Rather than the present annual limit of £9,000 (£6,000 in a general, and £3,000 in a single company, Pep), the MegaPep would allow an individual to invest £80,000 over a rolling eight-year period. Existing Peps could be rolled into the new scheme tax-free.

ProShare argues that the size of a MegaPep would allow managers to achieve economies of scale and reduce the effect of charges on plans. The cost to the Treasury would not be great, since much of the money going into MegaPeps would consist of switches from earlier Peps.

In addition, ProShare wants a tax break similar to the *loi monory* system in France, with investors able to buy shares out of pre-tax income, subject to an annual limit of £1,500. An investment like this would, effectively, cost the basic-rate taxpayer £1,125 and the top-rate taxpayer £900.

Such a system would encourage the small investor, who had previously acquired only privatisation issues, to increase his involvement in the equity market. Last week, a ProShare survey found that only 200,000 of those who bought shares in privatisations had acquired holdings in other companies.

A further proposal from ProShare is that roll-over relief should be extended to private investor shareholdings. This would allow investors to postpone paying capital gains tax on a share sale, provided the proceeds were re-invested immediately into equities.

A recent study of private investor holdings found that 48 per cent of the value of shares and unit trusts were held in portfolios of over £150,000. Such holders may be unwilling to sell holdings and incur a CGT liability; this reduces market liquidity.

How likely are the proposals to become law? ProShare is not alone in calling for changes to Peps; the Unit Trust Association called recently for gilts and corporate bonds to qualify for Peps, arguing this would help fund the growing government borrowing requirement.

But the Chancellor's current priority must surely be a consumer boom, not increased savings. And the UTA's proposal seems set to fall on deaf ears. The Treasury ruled this week that gilt or bond trusts would no longer be classed as part of the £1,500 "non-qualifying" element of a Pep (previously defined only as trusts with less than 50 per cent of their assets in EC equities).

The best hope of change may lie in later years, when GDP is growing again and the Chancellor can afford to tinker with savings plan rules.

P.C.

Tax can ruin festive fun

THE INLAND Revenue will be an uninvited guest at many Christmas festivities this year. But whether it brings tax-free gifts or a harsh assessment depends on careful planning.

Brian Friedman, head of employee benefits at accountant Stoy Hayward, highlights three principal areas to consider during the festive season: Christmas parties, employee gifts and travel by taxi.

Christmas parties are the most obvious seasonal benefit earmarked for special treatment by the Revenue. A number of companies have been concerned about the amount they can spend without incurring the tax collector's wrath.

The basic rule is that, to avoid any tax liability, the company must entertain only "on a moderate scale" rather than "lavishly" (in the words of an extra-statutory concession issued by the Revenue in 1988).

That means spending no more than £50 per head, a limit which has been in place ever since. The figure is based on the number of people who actually attend the party, not the number who have been invited, and it includes spouses.

To be eligible for tax relief, the party must also be open to all employees. The concession covers entertainment by a company throughout the year. This means that if it has a summer as well as a Christmas party, the amount spent in total on both events must not exceed the limit.

If spending exceeds £50 a head, the entire amount will be viewed as a benefit in kind subject to tax, and may be treated in two ways. Either the employees pay tax on the extra amount at their marginal rate, or their employer pays that sum directly in addition to the direct outlay on the party. But the Revenue stresses that if the employer deducts the tax from the payroll, only those employees who attended the party must pay.

A second seasonal tax risk comes in the form of gifts. Presents with a value below £100 from a third party, which are not from the employer and are not given in recognition of particular services, come free of tax.

Any amount above that limit will be taxable on the excess, while those which can be shown to relate directly to labour performed would be taxable fully as income.

The status of gifts from an employer to an employee has been clarified by the Pepper vs Hart decision in the House of Lords last month. It ruled that benefits would be assessed for tax at the marginal cost – or extra cost of producing the goods – rather than average cost.

The face of Christmas giving . . . but beware of the tax man

There is, however, a distinction between two types of employee: those who earn below £8,500 a year, and those who earn more than this amount or are a director of the company.

The first group limit will be taxed on the second-hand value of the gift. These employees would be better-off receiving goods such as alcohol or cigarettes, because they have no second-hand value since they require a license to be re-sold.

For those above the limit, there is no such option. The Revenue will assess tax on the gift at the greater of either the second-hand value of the goods, or any amount below their marginal cost.

In the same way as for gifts from a third party, any payments from an employer which are income related directly to particular services performed are taxable. But those individuals working for companies with profit-related pay schemes will be able to share in tax-free income up to £4,000, if the business has performed well enough to trigger the targets set by the scheme.

With the nights drawing in and deadlines to meet, employees may also be able to avoid paying tax on reimbursements from their employer if they are forced to take a trip home by taxi. An extra-statutory concession allows this if they are occasionally required to work late – meaning after 9pm – and public transport has ceased or become unreasonable to use because of lack of frequency.

Andrew Jack

FINANCE AND THE FAMILY

Do financial services match M&S image?

Barbara Ellis finds disagreement between City experts and the leading UK retailer

ONE OF the favourite lines trotted out by financial services groups launching products early in the 1980s was: "We aim to become the Marks & Spencer of financial services." But the line went out of style once M&S itself moved into financial services, first with a charge card and then unit trusts and personal loans. Since then, City people have taken to wondering if the M&S role in financial services really lives up to its high street retailing image.

Daniel Bunting, an investment strategist with Matheson Securities who specialises in the retail sector, said M&S had not really applied the same principle to its financial services activities as to, say, selling clothes. In clothing, M&S typically would deliver an extra value element by keeping margins lower than those of competitors while compensating with greater volume. But with unit trusts, for instance, while M&S's charges were much in line with the rest of the market, he would have hoped to see them lower.

Ian Lindsey, executive director of Save & Prosper, said: "Marks & Spencer in financial services gives reasonable value for money, but not what you would call the upper quartile." He added that the unit trusts could be described as only average while the charge card, acceptable only in the stores, offered no better quality of service than any bank-issued credit card.

Anne McMeehan, managing director of Framlington Unit Trust Managers, said M&S had a distinct disadvantage with investment products as opposed to others. "No sell-by date - what you can't do is guarantee the quality you get out of a unit trust by saying it must be bought or sold by a certain date," she noted.

For M&S, Robert Colvill, executive director of financial activities, said it was not true that margins on financial products were higher than on retail products, although he would not reveal comparative figures.

Since 1985, when M&S launched seriously into financial services, customer balances have grown from £91m to £451m. The first year's loss of £10m had become a profit of just over £5m by 1988/89 and was just over £15m for 1991/92. Colvill said he expected a further significant improvement this year. Pre-tax profitability in financial services has risen steadily from 16 per cent in 1988/89 to 27.2 per cent in 1991/92.

Out of 2.4m cardholder accounts, M&S estimates that 10 per cent are dormant, with no activity for the last six months. About one-third show a nil balance and the rest split roughly equally between those with a balance and paying interest and those not doing so. "I don't pretend the card rate is low in absolute terms," said Colvill, "but, taking into account the interest-free period and no fee, it is less than other issuers charge." He added that the group did not think it appropriate to charge a fee on its card while barring Access and Visa cards from the stores.

Colvill said M&S had been looking at accepting debit cards, with the idea of paying a processing cost comparable to that for cheques. "What we don't accept is a significantly higher charge, an interchange fee passed back to the card-issuing bank," he explained, noting that the banks also were trying to introduce this type of charge on debit cards. This supposedly was to compensate for fraud losses but, in fact, cost far more.

Colvill says M&S is deliberately staying below high street banks on rates for personal loans and overdrafts. This is possible, he explains, because the loans go to customers the group already knows well. Most of the 80,000 loans outstanding have been made to M&S cardholders.

With both cards and personal loans, he said M&S used credit reference agencies more than banks and had developed more sophisticated uses of behavioural scoring, which awards and deducts points as debt is run up and paid off – or not. "We can be alerted before an account goes wrong and adjust authorisation procedures," he said. "This is more difficult for banks because they don't control the [retail] outlets."

M&S has two unit trusts with 75,000 investors: the £110m Investment Portfolio, launched four years ago, and the £58m UK Selection. Latest statistics from Micropal rank the Investment Portfolio 11th out of 15 funds in the international balanced category, with an 11 per cent gain in the past three years on an offer-to-bid basis. The UK Selection portfolio ranked 74th out of 90 funds in the UK equity general class with a gain of 5 per cent over the same period.

Colvill said that as the Investment Portfolio held mainly UK equities, it did not really fit into the international balanced category which primarily held bonds and foreign equities. It could also not be classed as a fund of funds, since it did not hold other unit trusts.

Consultants Frank Russell constructed a mini-peer group. This ranked the Investment Portfolio against 11 other funds considered comparable, and brought it out ahead on asset growth. "For example, the Investment Portfolio showed 39 per cent growth in assets over the four years, against Cazenove Portfolio's 37 per cent and CU Managed 36 per cent."

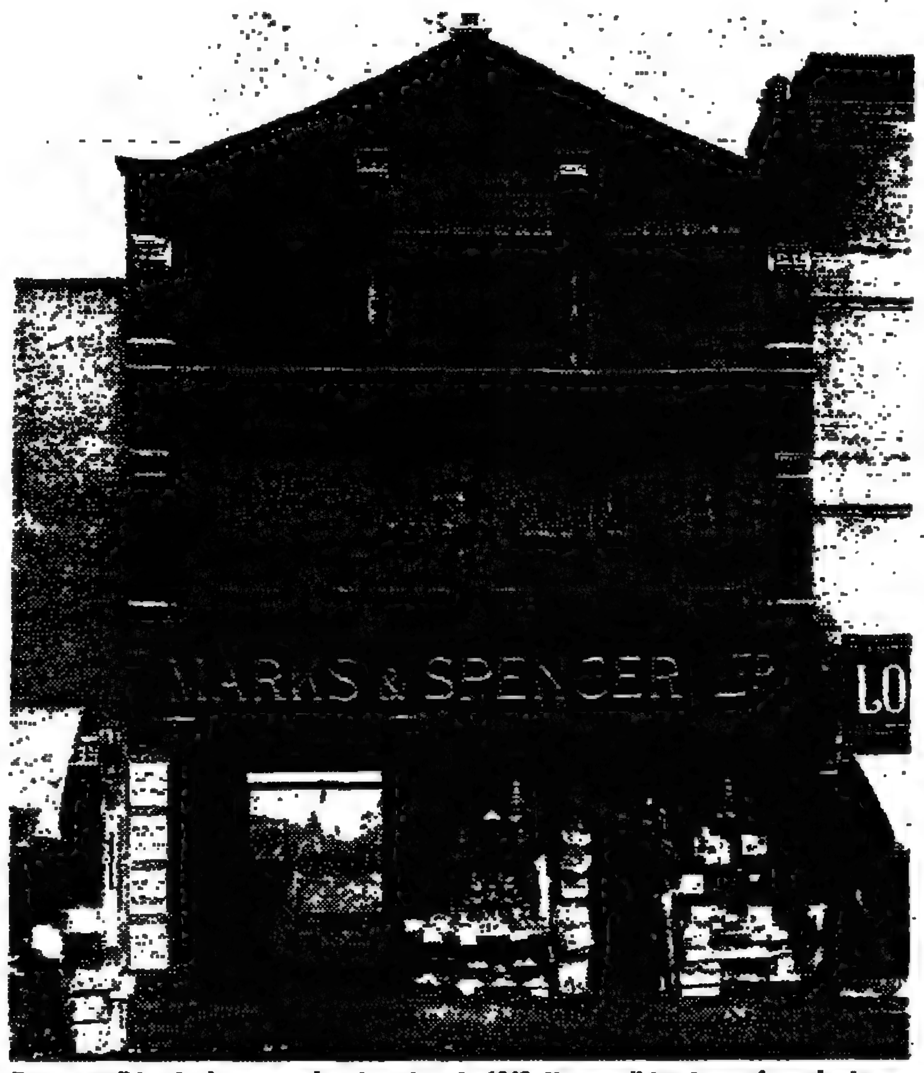
The UK Selection falls more clearly into the UK equity general category. "I don't deny we have underperformed the UK equity sector by 5 per cent in the past three years," said Colvill. "We had a rough 1991 and a better, but only average, 1992. But we are very confident that we don't want to change because this portfolio is very much geared to recovery."

He explained that the portfolio of UK Selection had been designed specifically for the personal equity plan (Pep) market with an above-average level of income: about 70 per cent of the unit-holders were Pep investors. "With the benefit of hindsight . . . high income has savagely underperformed and small companies even more savagely."

M&S uses a variety of managers for each unit trust but refuses to talk about individual performances. "They can be hired and fired but they should not have their figures discussed in public," said Colvill. For the Investment Portfolio, the breakdown is 60 per cent UK equities, managed by a combination of BZW (for indexation), Robert Fleming (for growth) and GMO Woolley (for value-based investment using quant methods). A further 15 per cent of the portfolio is in bonds, managed by Phillips & Drew, and 25 per cent is in international equities run by Clay Finlay, a firm run by two Englishmen in New York.

The UK Selection fund is one-third in the hands of BZW for indexation, but tilted towards income. The rest is divided evenly between GMO Woolley, providing a value base with relatively high income, and Delaware, formed mostly by Hill Samuel breakaways who use a methodology involving discount models; a longer-term growth company approach with an income bias.

For the future, Colvill says M&S has some product development thoughts but will not be coming out with mortgages, a "horde" of unit trusts, or investment trusts. But he stresses: "We do believe firmly in organic growth wherever possible. It may be a little bit pedestrian and it may have taken us six or seven years but it is solid progress, we believe."



From small beginnings . . . a London store in 1910. Now, unit trusts are for sale, too

Dial 'I' for insurance

Scheherazade Daneshkhu examines a new plan

LOCAL insurance brokers are trying to reclaim their dwindling hold on an increasingly competitive market with a new commercial venture. Called 0800 I (for Insurance), the idea is to link customers to their local broker quickly and, for clients, at no cost.

By dialling 0800-1235-789 (which form an "I" on a push button telephone), the caller is connected automatically to his local broker.

As policies come up for renewal, customers can use the service to check if they are paying too much for their existing policy or to see if they are getting the cover most suitable for them.

0800 I is launched and managed by Bernard T. Down, a firm of Folkestone-based insurance brokers. Down says the growing breed of direct insurer – where customers settle their policy over the 'phone with an insurance company – is not necessarily the cheapest and excludes many people.

"So tight is their underwriting that, in some cases, the direct companies won't even quote for risks which other underwriters find quite acceptable," he said. "By going to an independent professional, it is possible for the public to ensure that they have insurance cover, at each renewal, ideally suited to their requirements. This does not necessarily mean cheaper insurance but better value for money."

Small independent brokers have been losing out to direct insurers and to the large insurance companies. Down says the number of registered insurance brokers has decreased by 70 per cent in the last 10 years.

Brokers wanting to join the system are vetted by Down and pay a fee for the administration of the system and for its publicity. There are 450 linked to the service nation-wide out of more than 5,000 brokers in the UK.

Down anticipates 30-50 companies entering the 0800 I network every week. "We want to let people know that there is a first class alternative for them – independent intermediaries," he said.

Royal admits £1m pension mistake

YOU MIGHT have thought it was difficult to take almost £1m out of a pension fund by mistake, and then not notice it for two years. But Royal Life managed to do just that with one of its externally managed funds.

Now, the question is exactly how much money should be paid back.

To start with, it was a very basic administrative error. In July 1988, Michael Telfer, the manager of the BTL Exempt pension fund, asked Royal Heritage, the unit-linked division of Royal Life, to cancel units from the cash holding of the fund to a value of £930,397.50. This was done.

Unfortunately, Telfer says, it then made the same transfer again, leaving the fund technically insolvent.

Royal Life spotted the error in March 1991 and made a repayment into the fund. The company admits that the error should not have happened, and that it should have been discovered and put right much sooner.

The issue then became one of compensation. Royal decided to look at the number of units which had been removed from the fund in error, and multiply them by the prevailing unit price in March 1988.

This delivered a total of £841,401.50 – less than the amount which had been taken out.

A drop in the unit price over the intervening period had caused this, and Royal Life's reasoning was that this method meant the fund was now the size it would have been had the error never happened.

But is this right? Telfer denies this vigorously, pointing out that the value of the fund's units is determined by its total assets, not the other way around.

As the cash removed should always have been an asset of the fund, it seems unfair on that basis to reduce it.

He also points out that the withdrawal of units meant being forced to realise investments, either at a loss or incurring sizeable bid-offer spreads in the process. Investment performance, and hence the unit price, might have been better had this not happened.

Certainly, removing nearly £1m reduced drastically the manager's room to manoeuvre, as the fund's size had dropped to £265,436 by March 1991.

Royal decided in July to make a further payment into BTL, so that the entire cash sum was repaid but without any interest. Telfer and Royal are now locked in dispute over what should happen next.

Icki Iqbal, actuary for Royal Life, says the money probably was invested in cash and gilts while it was outside the fund. He adds: "If the unit price had risen, then we would have had to pay more. That would have been our obligation.

"But unit-linked policyholders' rights are determined by the unit value, and I really don't think we have an obligation to do more than we have done."

Around 40 or 50 people, mostly directors and executives, expect to draw pensions from the BTL fund. Others who want to save through unit-linked broker funds might want to take note of the problems which arose in this case.

John Authers

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Acatos & Hutcheson	Sept	7,580	(6,680)	15.2	(13.3)	6.5	(5.0)
Albion	Sept	774	(620)	15.5	(9.8)	3.0	(2.5)
Alvis	Sep	1,130	(3,830)	-	(-)	1.0	(2.2)
Baggeridge Brick	Sept	1,820	(2,540)	3.03	(4.84)	3.125	(3.125)
Barcom	Sept	702	(4,820)	9.2	(-)	1.25	(-)
Carr's Milling	Aug	277	(228 L)	2.6	(-)	3.9	(3.9)
Chemring	Sept	5,210	(4,720)	68.6	(68.6)	32.62	(29.65)
Daily Mail & Gen.	Sept	43,800	(47,700)	271.1	(338.5)	130.0	(119.0)
Devenish (JA)	Sept	13,800	(11,800)	18.73	(16.02)	7.85	(6.25)
Drayton Recovery Tst.	Oct¶	796	(-)	9.63	(-)	7.95	(-)
Electronic Data Proc.	Sept	4,880	(4,100)	38.4	(32.83)	5.1	(4.25)
GWR Group	Sept	721	(339)	15.6	(8.0)	7.0	(4.0)
Gestetner Hldgs.	Oct	27,200	(22,400)	12.1	(11.6)	8.2	(8.2)
Greencore	Sept†	31,480	(25,280)	31.0	(27.8)	6.0	(4.5)
Haemocell	Sept	1,690 L	(1,750 L)	-	(-)	-	(-)
Hardys & Hansons	Oct	6,720	(7,040)	18.04	(18.721)	7.9	(7.5)
Hoskyns	Oct	9,510	(14,300)	5.8	(10.5)	2.4	(2.4)
Lovell (YJ)	Sept	12,160 L	(20,310 L)	-	(-)	-	(-)
Midlands Radio	Sept	679	(887)	3.35	(3.3)	2.5	(2.5)
Mining & Allied	Sept	41	(281)	0.5	(0.5)	-	(-)
Norborough Plant.	Jun	182	(153)	0.96	(0.74)	1.5	(1.5)
Owners Abroad	Oct	25,500	(31,600)	8.6	(12.6)	3.5	(3.2)
Polar	Oct	902	(917)	7.3	(7.4)	4.6	(4.5)
Richards	Sept	125 L	(434)	0.15	(2.25)	4.0	(4.0)
SEP Indl. Hldgs.	Sept	830	(214)	1.42	(0.27)	0.85	(0.2)
Sanderson Electronics	Sept	2,810	(2,400)	24.0	(19.2)	9.0	(-)
Shaftesbury	Sept	4,690 L	(12,810 L)	-	(-)	-	(-)
Shoprite Group	Nov	2,710	(1,110)	18.9	(8.7)	7.5	(5.2)
Southern Radio	Sept	774	(363 L)	2.02	(-)	0.794	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Abtrust New Dawn	Oct♦	219	(110)	-	(-)
Amberley Group	Sept	79 L	(75)	-	(-)
Anglo United	Sept	22,700 L	(3,000)	-	(-)
Bail (AH)	Sept	407	(524)	2.2	(2.2)
Berkeley Group	Oct	6,920	(5,430)	1.65	(1.5)
Benbuild Dev's	Sept	86	(138)	1.0	(1.0)
Birkby	Sept	204	(2,120)	1.0	(-)
Breeway	Oct	330	(708)	0.24	(0.24)
Bristol Water	Sept	3,430	(2,600)	10.3	(9.3)
British Bio-Tech.	Oct	4,700 L	(5,700 L)	-	(-)
Bulmer (HP)	Oct	10,700	(9,100)	3.75	(3.45)
Cheam	Sept	1,410	(1,170)	4.0	(3.6)
Courts (Furnishers)	Sept	2,810	(2,140)	1.83	(1.83)
Creighton's Nat	Sept	617	(585)	2.1	(2.0)
Enterprise Computer	Sept	3,390 L	(3,400 L)	-	(-)
Ferranti Intl.	Sept	10,900 L	(28,600L)	-	(-)
Halma	Oct‡	8,120	(6,710)	1.036	(0.863)
Hobson	Sept	8 L	(42 L)	-	(-)
IWP	Sept‡	4,310	(3,900)	3.0	(2.75)
John Swan & Sons	Oct	163	(167)	-	(-)
Learmonth & Burchett	Oct	753	(261 L)	-	(-)
Melville St. Invs.	Oct	521	(384)	1.5	(1.5)
Moorgate Inv. Trust	Nov♦	759	(808)	1.7	(1.7)
Multitone Elects.	Oct	875	(854)	1.5	(1.25)
Northern Electric	Sept	39,500	(26,000)	6.3	(5.55)
Northern Invs.	Sept	206	(262)	2.0	(3.5)
Optometrics	Sept§	29	(77)	-	(-)
Osborne & Little	Sept	802 L	(364)	2.0	(2.0)
Parkland Textile	Aug	309 L	(1,370 L)	1.0	(1.0)
Pelican Group	Sept	357	(131)	-	(-)
Reliance Security	Nov‡	985	(1,000)	1.1	(1.1)
Seeboard	Sept	9,200	(8,000)	5.7	(5.0)
Southend Prop. Hold.	Sept	1,280	(1,310)	1.52	(1.46)
Southern Electric	Sept	15,300	(13,700)	5.6	(4.9)
Southern Water	Sept	60,600	(61,400)	7.1	(6.5)
TGI	Sept	348	(671)	0.5	(-)
Tinsley (Eliza)	Sept	408	(287)	1.8	(1.8)
Tinsley Robor	Sept	132 L	(395 L)	-	(-)
Tiphook	Oct	35,200	(39,200)	4.9	(4.4)
Triplex Lloyd	Sept	3,300	(5,190)	2.5	(2.5)
Unit Group	Sept	74	(122)	-	(-)
Wessex Water	Sept	44,300	(39,800)	7.3	(6.6)
Westport Group	Oct	111	(373 L)	-	(-)
Yorkshire Elect.	Sept	42,500	(33,100)	6.0	(5.23)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L loss. ♦ net revenue. ¶ first figures since launch. † Irish pounds & pence. ◆ net earnings. ‡ figures for 27 weeks. § US dollars.

RIGHTS ISSUES

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

SEP Industrial Hldgs. is to raise £3.2m via a placing and open offer of 23.4m shares.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Abbey Panels	Monday	-	-	-
Caspen Oil	Wednesday	-	-	-
Chrysalis	Tuesday	-	-	-
Kelsey Inds.	Wednesday	8.0	18.0	8.0
Stakis	Monday	0.45	0.45	-
TR High Income Tst.	Monday	1.4	0.8	0.8
INTERIM DIVIDENDS				
Albrighton	Tuesday	-	-	-
Border TV	Tuesday	1.1	1.6	-
Faupel Trading Group	Monday	1.85	3.05	-
Fletcher King	Monday	0.50	0.50	-
Graig Shipping	Wednesday	2.0	2.5	-
Henderson Highland	Tuesday	1.4	1.4	-
I & S Optimum Income Tst.	Monday	1.8	1.85	-
Ivory & Sime	Monday	1.25	4.5	-
Radiant Metal Furnishing	Wednesday	-	-	-
Victoria Carpet Hldgs.	Monday	-	4.5	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

Directors' Transactions

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
British Telecom	Tele	84,831	334	1*
Carlton Comm.	Med	27,000	191	1*
Clyde Blowers	EngG	3,000	11	1
Embassy Property	Prop	1,750,000	126	2
Huntleigh Tech	Hlth	45,000	405	2*
Glaxo	Hlth	96,500	788	2*
Macro 4	Elns	92,000	449	1
Marks & Spencer	Stor	184,479	614	2*
Morgan Crucible	Othl	40,620	119	1*
Morland & Co	Brew	7,500	32	1
Racal Electronics	Elns	20,000	31	1
Singer &Friedlander	Merc	40,200	18	1
Smith & Nephew	Hlth	100,000	160	1*
Smith Industries	EngA	47,949	167	1*
Southnews	Med	100,000	78	1
TV-AM	Med	40,500	28	2
Unilever	FdMa	8,290	87	1*
PURCHASES				
API Group	Pack	10,000	21	1
Bimec	Misc	250,000	19	1
British Steel	Meti	20,000	12	1
Britton Group	Pack	250,000	16	1
Cater Allen PRPrf	OthF	5,311	34	1
GEC	Elns	20,000	52	2
Global Group	Misc	2,549,263	102	1
Hall Engineering	EngG	10,000	10	1
Land Securities	Prop	2,500	10	1
Mezzanine Capital	InTr	30,000	31	1
Rhino	Misc	350,000	100	1
Scottish TV	Med	2,700	11	1
Singer &Friedlander	Merc	40,200	18	1
Smith New Court	OthF	15,000	15	1
Transatlantic A CPf	InsL	20,000	58	1
Wassall (nil pd)	Cong	3,017,148	754	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 7-11 December 1992.

Source: Directus Ltd, Edinburgh

THERE ARE still few signs of investors queuing to buy shares in anticipation of the usual post-Christmas rally in the stock market. That said, the list of director purchases this week looks rather healthier than it has for some time.

Embassy Property Group is a tiny concern in which the majority of shares are held by Treasure Jade, the company controlled by the Wong family. Roger Holbeche, chief executive has sold 1m shares at 7p while his chairman, Malcolm Stone, sold 750,000 at 7.5p.

Macro 4 is one of that select band of UK computer software companies which has weathered the recession extremely well. Final results announced in September revealed further growth in profits and earnings. Nevertheless, Keith Piper, a non-executive director, has sold 25,000 shares at 490p. That still leaves him with over 1m.

The sight of Richard Beecham buying a further 350,000 shares in Rhino Group at 28.5p highlights their very strong performance since directors bought in at 12.5p in October when the company was raising cash through a placing and open offer. Beecham now holds more than shares in the fledgling retail group, which aims to tackle the fast growing video games market.

Angus MacDonald, Directus Ltd

هكذا من الأصل

Offshore accounts still have attractions for UK savers

*And one of them, as **Scheherazade Daneshkhu** finds, is that you can delay paying tax*

OFFSHORE accounts sound glamorous and, no doubt, some people put their money in the Channel Islands to feel richer than they are. But, for UK building society savers, there are still good reasons to consider opening one.

The market is relatively new for societies and many have established offshore subsidiaries only in the past few years – although some, such as the Halifax, have had an offshore presence for longer.

Such accounts, which pay interest gross, are aimed mainly at expatriates but non-taxpaying UK residents needed them before the abolition of composite-rate tax in April 1991. This tax was deducted at source in the UK and could not be reclaimed by non-taxpayers. Now it has gone, so has the main need by UK residents for an offshore account.

Since they must declare their income to the Inland Revenue regardless of where it is held, is there much point now in putting money in an offshore building society account? One reason can be found in the table, which compares rates paid on an instant access offshore account at the top 10 UK building societies with the corresponding onshore account.

In most cases, the gross rate is higher on the offshore account. Halifax's Jersey-based Deposit International, for example, offers 6.5 per cent gross on £10,000 compared with 5.6 per cent on its Instant Xtra Plus onshore account.

Its onshore rate is bettered offshore by 1.35 percentage points on sums over £50,000, while National & Provincial pays 8 per cent gross on £100,000 or more in its Isle of Man-based Independent Reserve account, compared with 6.5 per cent onshore.

One reason for higher rates is due to the funding of offshore subsidiaries. Guy Stephenson, operations manager of Woolwich Guernsey, explains: "We collect sterling and dollar deposits world-wide and lend sterling deposits to the society on the mainland. They pay us a rate for the money, which has to be a market rate." Overheads on offshore subsidiaries also tend to be lower, since they often are smaller and have fewer staff than mainland offices.

Societies such as Bristol & West, Bradford & Bingley and Cheltenham & Gloucester already have the benefit of low overheads with their postal accounts, and are not able to better these rates offshore (although those investing £100,000 or more in C&G's Guernsey Gold account will get a better return offshore).

Another reason for putting money offshore is that, although a tax liability cannot be avoided, it can be delayed, depending on your timing.

Take Alliance & Leicester's Maximum Instant account, which is paying 6.75 per cent gross on a £50,000 deposit. Like most of the onshore accounts, it offers a choice of dates for crediting interest. You can choose April 1 or May 1, depending on your tax year.

If you chose May 1 1992, and declared the interest on your 1992-93 tax declaration form next year, you would then be unlikely to have to pay tax on it until the first half of 1994 – although the exact timing depends on your tax office.

Some societies differentiate between expatriate accountholders and those based in the UK. Leeds, for example argues that paying higher rates on its Liquid Gold Overseas account would take business away from its UK parent. Its Overseas Gold account, open only to expatriates, offers a higher rate to compete with other offshore institutions.

You do not have to be particularly rich to go offshore: the minimum investment in Leeds Permanent's Liquid Gold Overseas account is £25, and £500 for a Woolwich international account. But some societies require much higher sums: Cheltenham & Gloucester demands £10,000 minimum for its Guernsey Gold account.

The UK's Building Societies Deposit Protection Scheme, which guarantees to pay 90 per cent of the first £20,000 in an account, does not apply outside mainland Britain. Of the three main offshore islands, only the Isle of Man has its own scheme. Under this, deposits are protected up to 75 per cent of the first £20,000, and building societies also are covered by the scheme.

However, section 22 of the 1986 Building Societies Act requires all the liabilities of a subsidiary to be guaranteed by the parent.

Should that parent go bust, savers would not be covered by the Building Societies Deposit Scheme. In the past, though, troubled building societies have been taken over rather than allowed to collapse.

Offshore instant access building society rates (gross)

Building society	Account	£5,000	£10,000	£25,000	£50,000	£100,000	£250,000
Halifax Int (Jersey)	Deposit Intl	-	6.50	7.00	7.50	7.50	7.50
Halifax	Instant Xtra Plus	5.25	5.60	6.15	6.15	6.15	6.15
Nationwide O'seas (IOM)	Overseas Instant	5.00	6.00	6.70	7.00	7.00	7.20
Nationwide	Cashbuilder	5.10	5.50	6.20	6.20	6.20	6.20
Woolwich Guernsey	Woolwich Intl	6.75	7.00	7.00	7.05	7.25	7.25
Woolwich	Prime Gold	4.80	5.80	6.30	7.05	7.05	7.05
Alliance & Leic (IOM)	Maximum Inst (ExP)*	6.00	6.75	7.00	7.05	7.05	7.10
Alliance & Leic (IOM)	Maximum Inst	5.50	6.25	6.60	6.75	6.75	6.75
Alliance & Leic	Instant Access	5.20	5.35	5.65	5.65	5.65	5.65
Leeds Perm Oseas (IOM)	Oseas Gold (ExP)*	6.25	6.50	7.50	7.80	7.85	8.00
Leeds Perm Oseas	Liquid Gold Oseas	5.40	5.90	6.35	6.35	6.35	6.35
Leeds Permanent	Liquid Gold	5.40	5.90	6.35	6.35	6.35	6.35
C&G Channel Isles	Guernsey Gold	-	5.80	6.40	6.40	7.40	8.00
Cheltenham & Gloucester	London Share#	7.00	7.00	7.00	7.00	7.00	7.00
Bradford & Bingley (IOM)	Isl Access (ExP)*	6.30	6.60	7.75	7.90	8.00	8.00
Bradford & Bingley (IOM)	Max Offsh Access	5.45	5.65	6.85	7.10	7.10	7.10
Bradford & Bingley	Direct Premium#	7.35	8.05	8.20	8.20	8.20	8.20
N&P (Douglas) IOM	Offsh Res (ExP)*	6.50	7.50	8.00	8.25	8.50	8.75
N&P (Douglas) IOM	Indpnt Reserve	6.00	7.00	7.75	8.00	8.25	8.25
National & Provincial	Instant Reserve	5.25	5.75	6.25	6.50	6.50	6.50
Britannia (IOM)	Taxwise**	-	-	7.70	7.95	8.40	8.40
Britannia (IOM)	Manx Special Dep	5.95	6.50	7.05	7.25	7.25	7.25
Britannia	Capital Trust#	8.60	8.60	8.60	8.60	8.60	8.60
Bristol & West Int (Guernsey)	Guernsey Inst Acc	6.80	6.80	7.55	7.55	7.55	7.75
Bristol & West	Balmoral#	9.10	9.10	9.20	9.20	9.20	9.20

*Source: Moneyfacts. The last reference to each building society is to the onshore rates. *Open only to expatriates. **Min deposit is £15,000. #Postal account*

Try the Ecu for a good return

Dryden Gilling-Smith suggests using cash funds to benefit from higher interest rates

WHERE can you get 11 per cent interest with instant access and limited downside risk at a time when you might be lucky to get 6 per cent on UK sterling bank deposits? Some pundits are saying that you have to start investing in long UK gilts, or getting into equities, but there are big question marks about both these markets.

Many commentators consider that UK equities are expensive in terms of expected dividend flows, while investors may incur losses in the gilt market as the government floods it with new issues to meet its £44bn public borrowing requirement. In any case, many people want to hold considerable sums in cash, or its equivalent.

UK pension funds, for example, have been holding substantial sums in cash while interest rates have been good. This applies particularly to small self-administered pension schemes (SSASs) where cash may be piling up for older members near retirement to pay out the tax-free lump sums and purchase annuities.

European Currency Unit cash funds may provide the answer to higher returns. The Ecu was developed as an accounting convenience for EC member governments and its value is calculated on the basis of a basket of currencies.

Some 42 per cent of the Ecu's value is accounted for by the heavyweight currencies – the Deutschmark and the guilder – and another 42 per cent by sterling and the French and Belgian francs. So, you do not have to worry too much about the high-risk currencies such as the lira, peseta, escudo and drachma which account for only a minute proportion of the basket.

Even a change in a major currency, such as the French franc, is not likely to have an impact on the overall exchange rate of the Ecu any more than the sterling change did in September.

The Ecu is used extensively by governments and companies raising money, and by corporate investors, and can also be used by private investors and pension funds. The fact that there are no Ecu coins or notes does not make it any less useful as an investment currency.

You should treat Ecus as the equivalent of a currency unit trust, allowing you to spread your investment over a portfolio of currencies without the bother, costs and risks of buying each currency yourself.

An Ecu fund also enables you to get higher interest rates. While you can get around 8.25 per cent on Deutschmarks and guilders, you can get up to 11 per cent on Ecu units. You can, of course, get 10.5 per cent from French francs at present, 15 per cent on pesetas and 20 per cent on escudos.

The high interest rate obtainable on these currencies involves the sterling investor in an exchange rate risk (although because the Ecu is a basket of currencies, this risk is reduced). If the pound rises against the Ecu, then your Ecu deposit will fall in value in sterling terms.

For much of the past 10 years, the pound has actually been falling against the Ecu – it has dropped 40 per cent since the start of 1982. But there have been periods when the pound has risen: it jumped 15 per cent against the Ecu between January 1987 and January 1989, which would have wiped out any interest rate gains in that period. If the UK pulls out of recession faster than its EC partners, the pound could strengthen against the Ecu, and investors would need to switch into a sterling fund.

The present big interest differential results from the fact that, since Britain left the Exchange Rate Mechanism (ERM), the UK has made economic recovery its number one priority and is, belatedly, following the US low interest rate approach.

Most of the other EC governments are still pinning their faith on maintaining parity with the DM, even if it means continued high interest rates – and all the human misery this entails. This could, in due course, set off political explosions in the countries concerned, bringing down interest rates.

So, what is the best way to benefit from these higher Ecu interest rates? Just over a year ago, I invested part of my own company's pension fund in a Guernsey-based Ecu cash roll-up fund run by my own bank (Lloyds). Over the 12-month period, it gave me a net return in Ecus of 9.95 per cent; but when we added the cumulative appreciation of the Ecu against sterling in the same period, our effective yield was 24.57 per cent.

There are other Ecu funds operating both in the Channel Islands and in Luxembourg (although the Lloyds Bank Luxembourg fund seems to have been averaging 1 per cent less per annum than the Guernsey fund).

The latest unit values and interest rates are shown daily in the offshore and overseas section of the FT Managed Funds Service. Interest accrues gross, which means that pension funds do not have to reclaim tax deducted at source (although private investors are liable for tax when they cash their units).

This tax deferment factor can be a worthwhile advantage for someone whose marginal tax rate has dropped by the time he cashes in - possibly in retirement. There is, of course, another point: money that otherwise would be paid away in tax remains in the fund earning interest. And if you want the interest as income, you can achieve this by cashing so many units each year.

Other organisations offering Ecu cash roll-up funds, and which are listed in the offshore and overseas columns of the FT Managed Funds Service – where you can check latest unit values and interest rates – include Fidelity; Rothschild Asset Management (CI) Ltd, Guernsey; Capital House Fund Managers (CI) Ltd; and Lloyds Bank Luxembourg. Other banks, such as Credit Suisse (Luxembourg), have their Ecu funds listed but do not show the latest interest rate.

Interest rates do change each day, and it is simple to check them when you invest. The Lloyds International Money Market Fund Ltd has no initial charge and there is no bid/offer spread. At present, the manager levies a daily fee at a rate of 0.75 per cent per annum of the net assets, and the custodian fee is 0.2 per cent per annum. There is a free switching facility between sterling and Ecu funds.

These fees, and the usual auditing and printing expenses, are effectively allowed for in the unit prices and interest rates quoted.

You should check the minimum investments and transactions allowed. For the Lloyds fund, the minimum investment in any of the currencies is $10,000, which at present exchange rates is around £6,500. The minimum transaction amount is $2,000 (about £1,300).

■ *Dryden Gilling-Smith is managing director of Employee Benefit Services.*

How to work out that CGT bill

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

FOR SOME time, I have been buying investment trust shares through a savings scheme, but I don't know how to calculate liability for capital gains tax when I come to sell them.

Suppose I have a given number of shares. The older half was bought when the market was low and the newer half was bought at a dearer price. I sell half the shares. Have I sold the old cheap ones or the new dear ones?

■ If you have been buying the shares monthly (starting after the end of the tax year 1984-85), then this is what you do.

1. Multiply the cost of the first month's purchase by the RPI for the second month, and divide the answer by the RPI for the first month (unless the RPI for the second month is lower than that for the first month - in which case, you simply leave the cost unaltered).

2. Now add the cost of the second month's purchase.

3. Multiply the total by the RPI for the third month and divide the answer by the RPI for the second month (unless the third month's RPI is lower than the second month's - in which case you leave the total unaltered).

4. Now add the cost of the third month's purchase and continue in the same way as before, month by month, up to the last purchase before the sale (provided that the sale took place at least 10 days after that last purchase: see * below).

5. Multiply the total by the RPI for the month of the sale and divide the answer by the RPI for the month of the last purchase (unless the RPI for the sale month is lower than the RPI for the month of the last purchase - or, of course, unless the sale took place in the same month as the last purchase).

6. If you have sold half the shares, then you simply subtract half the total from the proceeds of the sale: the answer is your chargeable gain or your allowable loss. If you have sold a third of the shares, you take a third of the total, of course, and so on.

[Between April 1985 and October 1992, these are the months whose RPI was lower than the previous month's: July and September 1985, June and July 1986, July and December 1987, November and December 1990, July 1991, and January and July 1992].

*If the sale took place in the nine days after the last purchase (or, by chance, on the same day as that last purchase), then the shares which you sold are treated as coming primarily out of the last purchase (and there is no indexation relief on the cost of that last purchase). The balance of the shares sold come out of the indexed pool, which is calculated along the lines set out above - except that in paragraphs 4 and 5, "last purchase" should be read as "penultimate purchase."

If you have been buying the shares quarterly, or at some other interval, the "second month" and "third month" in paragraphs 1 to 4 above should read as "the month of the second purchase" and "the month of the third purchase."

There is an alternative way of doing the calculations, so we suggest you write to the Inland Revenue Public Enquiry Room, Somerset House, Strand, London WC2R 1LB, and ask for a copy of SP3/89 (Unit trust and investment trust monthly savings schemes). The alternative method is too complex to be explained in this necessarily brief reply, unfortunately: SP 3/89 runs to 28 paragraphs.

You could also ask your own tax office for the free pamphlets CGT13 (The indexation allowance for quoted shares) and CGT16 (Indexation allowance: disposals after April 5, 1988).

If your first purchase was made before April 6 1985, the initial calculations are a little more complex than the rule set out in paragraph 1 above, but the pamphlets will help you to find your way through maze of rules laid down by parliament.

(If you have not kept a record of the RPIs published in the FT since you started investing, you should find them in a local reference library - in volume H** of Simon's Taxes, for example).

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Scarborough BS	First Post	0800 590578	Instant	£250	8.80%	Yly
Bristol & West BS	Balmoral A/C	0800 100117	Instant	£2,000	9.10%	Yly
Cheltenham & Glos BS	London Deposit	0800 272383	Instant	£10,000	9.60%*	Yly
				£25,000	10.00*	Yly
Scarborough BS	Scarbgh Ninety 2	0723 368155	90 Day	£500	7.25%	Yly
Manchester BS	3 Year Income	061 834 9465	3 Year	£10,000	9.57%♣	Mly
Chelsea BS	Premier VI	0800 272505	31.3.95	£10,000	10.00☆	Yly
TESSAs (Tax Free)						
National Counties BS		0372 742211	5 Year	£3,000	9.60%♣	Yly
Allied Trust Bank		071 626 0879	5 Year	£9,000	9.49%	Yly
West Bromwich		021 525 7070	5 Year	£150	9.00%	Yly
Tipton & Coseley BS		021 557 2551	5 Year	£1	8.65%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	8.50%	Yly
Citibank	Money Market Plus	0800 555884	Instant	£2,000	7.20%§	Mly
Chelsea BS	Classic Postal	0800 717515	Instant	£10,000	7.60%‡	Yly
				£25,000	8.10%‡	Yly
OFFSHORE ACCOUNTS (Gross)						
Portman CI Ltd	Channel Islands	0481 822747	Instant	£500	7.00%	Yly
Portman CI Ltd	Channel Isl. Plus	0481 822747	60 day	£10,000	7.75%	Yly
Yorkshire Guernsey	Key Term Share	0481 719888	31.8.93	£50,000	9.10%	Yly
Bristol & West Intl Ltd	Intl Premier	0481 720609	6 Mnth#	£50,000	9.20%	Yly
GUARANTEED INCOME BONDS (Net)						
Prosperity FN		0800 521546	1 Year	£25,000	5.90%	Yly
Prosperity FN		0800 521546	2 Year	£25,000	5.55%	Yly
Laurentian Life FN		0452 371371	3 Year	£50,000	6.70%	Yly
Co-op Bank Fin Adv FN		061 829 5562	4 Year	£2,000	6.30%	Yly
Laurentian Life FN		0452 371371	5 Year	£50,000	7.00%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	8.25%	Yly
(7.00% wef 26.12.92)	Income Bonds		3 Month	£2,000	8.00%	Mly
	Capital Bonds G		5 Year	£100	7.75%F	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	40th Issue		5 Year	£100	5.75%F	OM
	6th Index Linked		5 Year	£100	3.25% +Infln	OM
	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. B = Bond. * = Rate guaranteed only until 1.1.93. Access only on 7 day loss of interest. ♣= Rate guaranteed only until 31.1.93. ☆= Rate fixed only until 1.4.93. ♣= Rate fixed only until 1.1.93. §= Rate guaranteed only until 1.2.93. ‡= Rate guaranteed only until 12.2.93. #= After 6 month qualifying period.
Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0692 500677.

Investors wary of US under Clinton

But fund chiefs see opportunities continuing, says ***Robert Powell***

INVESTORS in the United States are a cautious lot these days. Many believe the economy is just bumping along the bottom and that signs of recovery are mirages. And although stock prices are at all-time highs, worries are widespread about the country's direction under President-elect Bill Clinton.

But the managers of three top-performing offshore funds that invest in US securities are mostly unconcerned about a Clinton presidency and believe they will continue to find market opportunities.

■ **James Reynolds**, the manager of Global Asset Management's US fund, thinks Clinton will not tinker with the economy as much as he promised and will try to maintain the US on its present economic course. That, he feels, should lead to slow, steady growth, low inflation – and Clinton's re-election in 1996. "Clinton has learned from (former President) Carter," said Reynolds, a principal with Fayez Sarofim & Co. in Houston, Texas. "The most important thing for him to do is get re-elected."

Even if Clinton proves a disaster for the economy, Reynolds says the companies in which he invests - large, US-based multi-nationals - ought to remain unaffected. They generate most of their profits and earnings growth from outside the US.

So far, that investment strategy - based on the belief that the global economy will be dominated by 1,500 companies in the year 2000 - has served Reynolds well. Indeed, GAM US, with a gain of 72.49 per cent, was the eighth best-performing offshore fund over the five years to September 1992, according to Lipper Analytical Services of New York.

Reynolds says the secret is to ferret out those US companies likely to survive and thrive in the global arena. He will continue to look for companies with above-average earnings growth over extended cycles, and which sell at reasonable valuations. He also aims for companies with strong balance sheets, low debt-to-equity ratios, and higher-than-average returns on equity.

He admits readily that his criteria leave only a handful of companies and most are household names: his favourites include Coca-Cola, Gillette and Proctor & Gamble. "Clinton won't be disastrous for these companies," he says. "People will still shave, wash their hair and eat food."

■ **Bradford Lewis**, manager of Fidelity Investments' $108m American Assets fund and the $17m Sterling America Fund (the two were in mid-December), disagrees with Reynolds and thinks inflation could double from its present 3 per cent over Clinton's first four years. But he does not believe the cost of living will rise out of control, as it did when both Congress and White House were controlled by Democrats late in the 1970s. He hopes the bond market will act to control government spending.

But just in case inflation does rise sharply, Lewis has taken steps to protect his portfolio by buying shares of gold mining companies.

Despite his outlook for inflation, Lewis is not making wholesale changes to the fund because of Clinton's election. Rather, he is more occupied with re-making American Assets into the mirror image of the highly regarded fund - Disciplined Equity - that he manages for US investors.

Lewis will use an investment strategy called quantitative analysis, which relies in part on intensive statistical analysis of stocks, to build a portfolio. He has created a computer software programme that attempts to mimic the structure of the human brain. The programme will not only identify which stocks are cheap, based on value or earnings, but also evaluate how the market is pricing stocks generally.

This investment strategy has served the Disciplined Equity fund well. It has gained 14.53 per cent over the three years to October while the average growth fund gained only 9.72 per cent over the same period.

Clinton. . . .will he maintain the US on its present economic course?

■ **Daniel Miller**, manager of the second best-performing offshore fund over the past five years, the Putnam Emerging Health Sciences trust, is unsure what to expect from Clinton's policies, especially those concerned with health care. He notes that the president-elect spoke during the campaign of putting in place a system that would provide health care for all, while containing growing costs. But few people know exactly how Clinton will pursue his goals; thus, Miller has not yet been able to divine which specific stocks will benefit from, or be hurt by, his proposals.

Like Reynolds and Lewis, he hopes to invest in companies that will prosper irrespective of Clinton's policies. For instance, he is backing equipment groups such as Zoll Medical, maker of the next generation of defibrilators, and service firms like NovaCare, which specialises in speech and physical therapy.

The past year has been difficult for Miller. First, health-care stocks fell from grace. Clinton's promises to reform the health-care system delivered the final insult later in the year. The upshot was that Miller's fund fell 22.4 per cent during the first nine months of 1992, while the average fund rose 0.6 per cent. Still, it has a respectable long-term record. It rose 105 per cent over the five years to end-September and 76 per cent over two years.

Miller believes the worst is now over for his sector. He is confident a rally could begin within six months – or at least as soon as Wall Street learns it can live with whichever campaign promises on health-care reform become law.

Shopkeeper who drove his Rolls to the brink

The bank told Kingsley Maine to sell his yacht and his car. He ignored their advice, writes ***Colin Presdee***

IN 1960, when Kingsley Maine was working as a carpenter in the police headquarters in Bridgend, he spent his two weeks' summer holidays running a small general provisions store.

It was a typical, 1950s suburban shop with hardly any stock and run by an ageing widow. Maine increased the stock range by borrowing from his father's post office four miles away, and boosted the turnover from the average £50 to £120 in his first week. At the end of the second week, he resigned his job, borrowed £3,000 from Barclays, guaranteed by his father, and bought the business, which included a flat above the shop.

Thirty years on, Maine has five stores. Their annual turnover will be about £6m this year. He has survived competition from the supermarket chains, in spite of being written off by a bank in the mid-1980s.

His two sons provide the family backing that has enabled the company to expand and streamline its operation in a fiercely competitive market.

The business has gone full-circle from a convenience store, through the traumas of competition through price cutting, and back to convenience trading, but with extended hours. The shops are open 8am to 10pm, 364 days a year.

In 1963, after three years living in the flat above the first shop, the Maines were able to move to a nearby house. Takings were around £1,000 a week, allowing them a more comfortable lifestyle. The move left space for the shop to expand and become one of the first self-service shops in the area.

With a further five years' confident trading behind him, and with an eye to expansion, Maine paid a deposit on a car showroom on the other side of the town. The bank was unimpressed with the development plan, considering it a poor location, but after much persuasion, Maine gained the cash.

He joined Spar, the wholesale supply chain, to take advantage of its purchasing power and promotions and developed the 3,000 sq ft shop into a main food retailer, with self-service and four checkouts. Soon it was selling more than 40 sides of bacon a week and, in 10 years, the turnover built up to over £20,000 a week.

He attempted to repeat the formula in nearby Porthcawl, but the store there struggled on turnover of just £3,000 a week, rarely covering overheads. This time the location was wrong. Business livened up only in the blizzard of 1978 when the town was cut off. The store was sold in 1981, never having made a profit. But a further venture in 1972 in the densely-populated Sandfields area in Aberavon was successful and profitable.

By 1982, Maine's lifestyle included a Rolls Royce, a seafront house in exclusive Rest Bay, Porthcawl, and a motor yacht in St Tropez. All this was threatened when competition arrived. The International Group, under the name Mainstock, opened the largest in-town food store in Britain, just a few hundred yards away from Maine's chief store in Bridgend.

Weekly turnover in Bridgend slumped overnight from more than £20,000 to less than £12,000. The story was similar in Aberavon.

Maine's shops had become outdated, and at his own admission, a mess. "We were overstocked in many departments, many lines were being sold at minimal profit, it was clear that a major shake up was necessary for survival. But we were determined to come through it."

The initial Spar Driver scheme which offered lines at very low prices was a disaster and cut margins even further. Maine started monitoring stock levels. The results directed the next move away from food and into more profitable lines such as video tapes, drinks, and disposable household goods. This was coupled with extended hours and Sunday trading.

Although the signs of recovery were evident, it took five years to produce a good set of accounts again. During this time, Maine's Barclays bank manager of 25 years retired, and competition from the multiples intensified.

This prompted a curt letter from the newly-installed bank manager, declaring that it was impossible to compete with chains such as Tesco and Sainsbury.

"Sell the Rolls and the boat, and think about a smaller house," was the only advice offered.

Fortunately, the view was different from the National Westminster branch across the road. It had watched Maine for many years, and his accountant, Bill Mace, who had a long experience with shopkeepers, persuaded NatWest to take over the account.

Maine's development programme for his shops was able to continue. Much of the finance came from the local Spar wholesaler Capper and Co, which arranged favourable leasing deals for modernising the stores.

By the late 1980s, a system of bar-code scanning was installed which analysed each line by volume, profitability and shelf allocation. Professional stock and internal controls facilitated by efficient computerisation helped the company return to profitability. The link with Capper strengthened, and Maine now buys nearly 90 per cent of all goods from it.

Such loyalty has shown great benefits this year with the "purchase" of a further large store in the Uplands area of Swansea. Here the Spar formula had worked well in spite of the shoddy presentation of the well-located store.

Capper bought the business from the previous owners for around £500,000 and has licensed it back to Maine, who will purchase it over the first two years, with an opportunity to buy the freehold later.

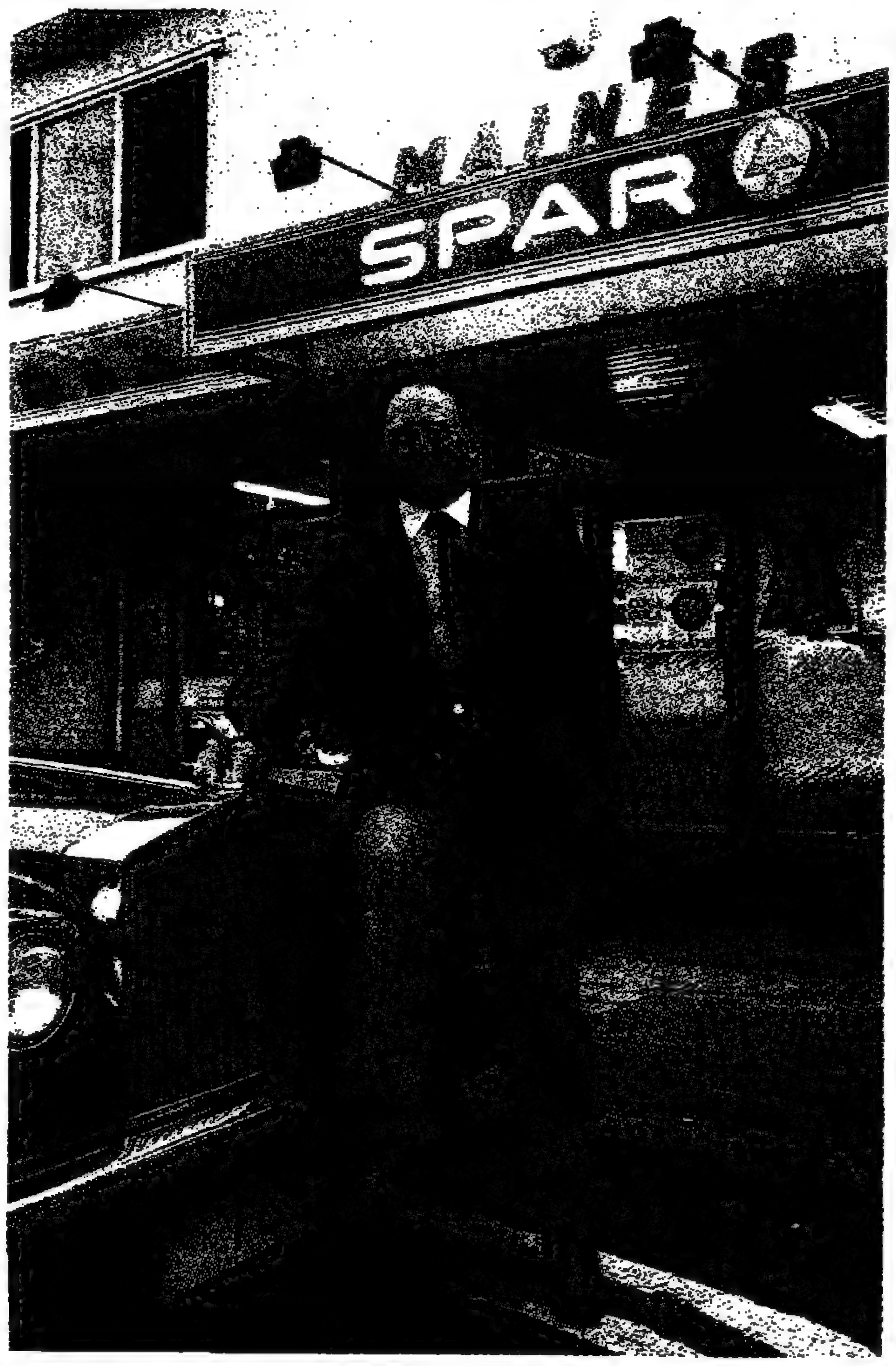
The full Maine team, including Kingsley's wife Wendy, his daughter Lian and his sons Julian, Christopher and their wives, has set about revamping the new acquisition.

"We now have very sophisticated computerised systems and can produce management accounts within days after each quarter. We are far better placed to meet the price competition of the 1990s which is already most evident," said Maine.

Six months on, trade at the new shop is up 10 per cent, and Maine is buying £100,000 of goods a week from Capper.

Six years after the move to NatWest, the business is showing a gross trading profit of 19 per cent on a £6m turnover. Maine still has the same Rolls, boat and house. He takes six weeks' holiday a year, but otherwise works every day and is in the Swansea shop each Sunday morning.

K.D. Maine 14-16 Ewenny Road, Bridgend, Mid Glamorgan, tel: 0656-655373



Sales drive: Kingsley Maine outside one of his Bridgend supermarkets

Computing

Pegasus prepares to fly once more

David Carter on advances in accounting software

MOMENTOUS events are taking place in the world of accounting software.

The undisputed market leader in the early and mid-'80s, Pegasus, has in recent years been going nowhere. Pegasus produced a string of products, some good, some bad, all marginal, while its neglected core product *Pegasus Senior* came to look increasingly long in the tooth. Pegasus shares fell sharply recently when their chief executive departed after only six months in office.

Contrast this with the performance of Sage which, starting from nothing in the mid-80s, has had a record of unbroken success. It now claims 80 per cent of the UK market for integrated accounts packages and the title of "the world's number one in accounting software". Last month a £400,000 advertising campaign heralded the release of its new product *Sterling +2* – "a revolution in accounting software".

But maybe things are not quite what they seem. The crucial decision determining Pegasus's future was made in October when the company announced that it had purchased the rights to *Sequel*, a package written by former Pegasus directors Johnie Johnson and Chris Leak.

I tried *Sequel* earlier this year when only the ledgers and sales order processing modules were complete, but it was enough to see that this is a super product with a real 1990s look and an ideal successor to *Senior*. Pegasus are going through a torrid time, but I think it has found a winner.

On the Sage front, I have been evaluating *Sterling +2* over the last few weeks. Reluctantly, I have to say that I found this package a terrible disappointment. The sales and purchase order processing modules are totally inadequate.

The invoicing module is one of the "batch update" type that other companies stopped writing years ago. It will let you enter and print off sales invoices for an out-of-stock item all day long without a word of complaint, but when at the end of the day you try to update your batch of 20 or 30 invoices to the ledgers it refuses to accept them because you did not have any stock!

Any modern-day invoicing package warns you that you are out of stock immediately you try to enter the invoice.

And has no one at Sage ever heard of invoicing from a product price file? Unbelievable. Outside the accounting ledgers *Sterling +2* is an antique.

'The shooting star in the accounts package market is TAS Books'

But, to be realistic, accounting ledgers (sales, purchase, nominal) is what most users want, so these wounds, though severe, need not be mortal. Sage seems to have made a good job on the ledgers. Invoices are fully analysed to the nominal; financial transactions can be retained live all year, and there is a particularly comprehensive analysis of VAT for the quarterly VAT return.

However, where *Sterling +2* really is revolutionary is in the "user interface". Sage believes that the future lies in the graphical user interface ("GUI", as in treacle) and they have implemented the WIMP (Windows, Icons, Mouse, Pointer) environment in both DOS and Windows versions of *Sterling +2*.

In this they are taking a tremendous risk, since probably not one bookkeeper in a hundred is familiar with the GUI way of doing things. I think Sage would have been wiser to make it clear to prospective purchasers that *Sterling +2*, in either version, is really only suitable for experienced mouse users.

I ran the DOS version through the keyboard alone, but found it heavy going. My guess is that, neither mouse-trained nor warned of what to expect, many bookkeepers will simply *hate* the new Sage.

So, with Sage wandering into the bogs of GUI land, what is the alternative for the non-mouse user?

Without doubt, the real shooting star in the accounts package market these days is TAS Books from Megatech. Launched late last year at the give-away price of £99 to the accompanyment of heavy advertising in the PC magazines, TAS Books now claims 17 per cent of the market.

TAS books was endorsed by the Institute of Chartered Accountants, "editor's choice" in this's month's *PC Magazine*. It is currently on a roll and sales have shot up from zero to 700 units a month.

Theo van Dort, the founder and designer, believes he has a mission to show PC users how easy double-entry accounting really is, so TAS Books comes with a comprehensive 242-page tutorial that takes you through worked examples of all the major postings. It is really excellent. Here at last is an entry-level accounts package of high technical quality which can be recommended unreservedly both to accountant and to non-accountant alike.

■ *TAS Books costs £99 single user, £199 multi-user. Megatech are on 081-874-6511.*

■ *David Carter is a consultant in small business computer systems, tel 0727-812447.*

India's slave trade

■ continued from page 1
to relieve myself (in the fields), someone went with me."

They were never paid. If they worked slowly, they were beaten, sometimes with a wooden stick. Worst of all was the common treatment for cuts to the fingers suffered during weaving. The loom owners would scrape the powder off a match on to the wound and then set fire to it to staunch the bleeding. "It hurt very much," says 12-year-old Chilatra Choudhray.

Above all, the children suffered acute psychological distress. Madan Lal's only thought was for his mother. "I always missed my mother. I always cried for my mother but there was nobody there to listen."

Satyarthi says that since the early 1980s, he has helped in the release of 5,000 children, almost all of them Untouchables. He has won financial support from western charities such as Britain's Christian Aid and Bread for the World, a German group.

The employers, he says, only started to take notice when he began publicising the raids – which is why he invites journalists along.

Now he is trying to generate interest in the plight of Indian child labourers in Europe and the US – where the bulk of Mirzapur's carpets are sold. He believes that if western consumers can be taught to take notice of the fate of whales, they can also be made aware of the sufferings of child labourers.

Carpet industry leaders loathe Satyarthi. Despite the evidence, including the Supreme Court Commission's survey, they flatly deny the existence of large-scale bonded labour. "There may be isolated cases in remote villages, but no more," says Mr Prakash Chandra Jaiswal, president of the All India Carpet Manufacturers Association, and a prominent exporter.

Jaiswal claims that allegations of parents selling children to loom owners stem from a misunderstanding. In such transactions, loom owners have merely made loans to the parents – advances on the wages the children will earn. Moreover, such cases concern a small minority of children. Most child labourers work in the homes of their parents or relatives where they learn a valuable trade.

Nevertheless, Jaiswal and his fellow employers are worried enough to have planned counter-measures. With the support of the textiles ministry, they intend to begin to inspect looms. Any weaver found employing non-family children will be blacklisted.

A breakaway group of carpet manufacturers is even introducing early next year a special trademark certifying carpets as "made with child-free labour". However, Satyarthi does not trust the employers. He argues checks will be worthless unless they are carried out with the co-operation of campaign groups.

India has been particularly slow in ensuring that children attend school. Elsewhere, education has proved a valuable way of teaching parents that their children are worth nurturing, if for no other reason that their ultimate earnings will be higher with education than without.

Myron Wiener, an American social scientist and author of *The Child and the State in India*, says just 38 per cent of Indian children complete five years of education, compared with 70 per cent in China. Wiener argues that it is not poverty which prevents India investing more in its children but caste prejudices.

Upper caste Indians, who dominate central and local administration, simply do not care enough about the children of the lower castes. Satyarthi agrees: "I hate caste. After I started eating with Untouchables, my own family refused to eat with me. But I chose what I wanted to do. It is the Untouchables who suffer the most."

TRAVEL

"Behind the palm trees lay a sea of rolling dunes, stippled and striated"

Tumble-dried through desert landscapes

*Fleeing the charmless tourist island of Jerba, **Sara Webb** heads west into the Tunisian Sahara, to a land of dancing butterflies*

IT WAS the writer and traveller Paul Bowles who said there are probably few accessible places on the face of the globe where you can get less comfort for your money than the Sahara. For a man who loved North Africa, Bowles could be damning about the amenities: "You can still get something flat to lie down on, stewed turnips and sand, noodles and jam, and a few tendons of something euphemistically called chicken to eat, and the stub of a candle to undress by at night, but you will pay heavily for these luxuries...perhaps the logical question to ask at this point is: why go?"

One reason for going might be to get away from a charmless coastal resort such as Jerba, I thought. The island off the Tunisian coast is one of many claiming to be the setting for the lotus eaters. Today, Ulysses' sailors would be only too pleased to escape the identical mock village hotels swarming with pale-skinned tourists in fuschia shellsuits.

Much has changed since Bowles travelled through the desert. He entered Tunisia in the pre-independence days with two camels and a long-suffering camel driver who ran back and forth between them, attempting to force the recalcitrant beasts to move in a straight line while trying to tend to some knitting which hung around his neck.

Today, you find electricity and air-conditioned hotel rooms. You journey across the desert in a cloud of dust and fine sand kicked up by a Jeep. It is a far less romantic way to travel, and less comfortable than the slow lolloping stride of a camel. The fine sand steals into every crevice of your clothing, lodges in your eyelashes and rasps against your teeth. The Tunisians say it is so fine it can slip unnoticed beneath the sealed cap of a fizzy drink bottle.

You jolt from bump to hollow, tumble-dried through a succession of different desert landscapes: from the pink and gold mountains around Midès and Tamerza near the Algerian border, to the barren salt flats of the Chott El Jerid that sparkle with crystallised salt and dancing butterflies as jittery as the mirages; from the scrub-topped yellow hillocks around Douz until you reach the real desert, the picture-book desert of dunes near Ksar Ghilane which belong to the Great Eastern Erg.

From a distance, the village of Ksar Ghilane was a splash of green set against a parched backdrop of sand. Close up, a scummy tideline of old plastic mineral water bottles and other rubbish marked the outskirts of the settlement. Hobbled camels and donkeys tethered outside the concrete bungalows snuffled among the detritus for edible leftovers. It looked a dump. But behind the palm trees lay a sea of rolling dunes as stippled and striated as a Bridgit Riley canvas – gold, tawny, and slowly reddening in the setting sun.

We set out on camelback to see the old Roman fortress and, as dusk fell, the camel drivers briefly dropped on their knees, backs to the setting sun, and prayed to Allah. Within an hour, the clear sky was peppered with hundreds of stars, flashing and shooting in small bursts across the blackness, and blinking through my tent-flap long after the candles had burnt out.

After the dust and dirt and blow-torch brightness of the desert, it is a relief to drive up to the shade of an oasis. Frogs splash around in the waterfalls and are probably the most active of the oasis inhabitants during the heat of the day.

We stumbled across one of the date farmers in the village of Chebika, and he obligingly climbed a palm tree to pluck us some fruit. The ripening orange dates hung like heavy earrings below a spiky punkish halo of palm fronds, some wrapped in sheets of plastic to save them from rain damage and animals.

Beneath, the pomegranates, figs and oranges grew in disorderly profusion. Of the 140 or so varieties of dates grown in Tunisia, the ones from the desert oases are said to be the best, but these ones tasted sour and unripe. The fruit is eaten or sold at the local market; in the past, the tree trunks and fronds were used to make the local houses, forming beams and thatching. But heavy rains and flash floods easily sweep away the flimsy buildings, and today some of the oasis dwellers prefer to live in concrete bungalows, with tiny windows to keep out the heat.

Once the sun's heat starts to wane, the people come outdoors to chat and stroll in the main street. At least, the men do. Even though Tunisia is one of the more westernised Islamic countries, outside the big cities you might as well be in a single-sex country. Women, if they venture out, are shrouded in swathes of black cloth with not so much as an eyeslit to tell you in which direction they are facing.

The men sip coffee in the street bars, or order the waiter to bring them a long-necked hookah to smoke in the evening calm. In the palmeries, two male trees are planted for every harem of 100 females. But in the streets, men far out-number women.

■ **Sara Webb travelled c/o Tunis Air (24 Sackville St, London W1X 1DE, tel: 071-734-7644). The Tunisian National Tourist Office is at 77a Wigmore St, London W1H 9LJ, 071-224-5561. Tunis Air flies from London Heathrow to Tunis on Fridays, Sundays and Tuesdays. If you want to visit the desert oases, you can fly from Tunis to Tozeur and then hire a Jeep and driver-guide.**

The tourist office in Tozeur should be able to recommend an agent if you want to arrange your own trip to the desert oases. It is better to take a Jeep and experienced driver – ordinary passenger cars are not suitable for rough desert terrain. Alternatively, you can join a group; many of the hotels in towns like Tozeur and Douz arrange trips to the desert.

As always, accommodation ranges from the very comfortable (Hotel Tamerza Palace, for example) to the basic (the camping site at Ksar Ghilane).

Practical Traveller/**Michael Thompson-Noel**

Great Lakes and jumping mice

WHAT is it about Canada that invites so many jokes? Denis Leary, the American comedian, says he wants a Patriot missile launcher so that he can sit in his swimming pool "and blow up Canada". I have always liked the place. It is not particularly boring. Some of it is lively: Toronto, for example, which many fair-minded souls would rate among the best cities in North America: spacious, friendly, some distinguished modern architecture, always a lot happening, excellent shopping and food – and safe. Toronto is said to have very few muggers. Critics say Toronto is more about style than substance, but they are the sort of people who probably like Detroit.

Last winter, short-stay travel between Britain and Ontario picked up smartly. The most popular short-stay products were minibreaks in Toronto (including Niagara Falls) and Ottawa, resort visits (snow-mobiling, dog sledding, and cross-country and downhill skiing), and winter fly-drive tours. The London-Toronto flight takes about six hours, so you can leave London on Friday morning, have two and three-quarter days there and be back in London by Monday morning.

Globespan (0737-773055) is selling London-Toronto flights from £239 plus tax, with hotels from £36 per room per night. Thomas Cook (0733-330111) has short breaks in Toronto and Ottawa from £334, plus Niagara Falls, resort stays and winter fly-drive. Capture Canada (081-393-0127) has Toronto three-night breaks from £319 and the same for Ottawa from £324. Travescene and Crystal Holidays are joining the fray.

Another operator, All Canada Travel and Holidays (0502-585825), offers practically everything, including skiing, winter sports and city breaks.

An example is an eight-day, self-drive Ontario winter-break giving three nights in Toronto and four nights at one of two Muskoka hotels, Pow Wow Point Lodge or the well-equipped Deerhurst Resort, three hours' drive from Toronto. Prices per person (twin-bedded room) are £348-£375, or £628-£698 for singles. Prices include seven nights' accommodation, five days' car hire and basic insurance, but not trans-Atlantic flights.

Air-fares are reasonable at present. Air Canada (081-759-2636) recently cut £50 off some winter fares. Until March 31 1993, excluding the Christmas period, it will quote you £259 return: Heathrow, Glasgow or Manchester to Toronto (some booking restrictions; minimum stay seven nights). If you only want to stay the weekend, check fares with bucket shops or agents. (Word to the wise: Air Canada is a no-smoking carrier, trans-Atlantic flights and all).

Once winter passes, you might want to use Toronto as a base or launch-pad for touring the Great Lakes. Not all at once, though. There are five Great Lakes – Huron, Ontario, Michigan, Erie and Superior – with a total coastline of 11,000 miles.

The Great Lakes region includes Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Pennsylvania and Wisconsin in the US, and Ontario in Canada – 427,358 square miles, almost as large as the EC. There are 637 state parks, two national parks, 191 downhill ski areas, 47,000 miles of snow-mobile trails, more than 5,000 miles of cross-country ski trails, and 4,659 golf courses.

I visited Deerhurst Resort recently, north of Toronto, and found it sporty and relaxed. It has facilities for almost everything. Close by is Algonquin provincial park, excellent for canoeing (more than 800 miles of canoe routes), backpacking, fishing and wildlife. As well as moose, black bears and other big things, Algonquin hosts two members of the jumping mice family, the meadow jumping mouse and the woodland jumping mouse. Not many people know that.

From Deerhurst, I returned to Toronto, took the train to Windsor, crossed the US border into Michigan (close your eyes when passing through Detroit) and drove 180 miles, via Kalamazoo, to the eastern shore of Lake Michigan, stopping at one of the most picturesque and charming small fishing ports – South Haven – you could hope to find. If you make it to South Haven and are travelling with the chairman's wife, try and stay at the Old Harbour Inn (515 Williams St, tel: (616)-637-8480. You will not find better-appointed jacuzzi suites or nicer beds for...11,000 miles.

● *More information: Ontario Ministry of Tourism & Recreation, 21 Knightsbridge, London SW1X 7LY, tel: 071-245-1222; Michigan Travel Bureau, Suite F, 333 South Capitol, Lansing, MI 48909, tel: (517)-335-1879.*

Skiing

A white, white Christmas

***Arnold Wilson** reports on what looks like being a vintage year*

HOWITZER shells and dynamite exploded outside my hotel before dawn, rattling the windows and, in the darkness, conjuring up images of some war-torn trouble spot. But this was neither Bosnia nor Beirut, but the "Bird". And the enemy was snow: too much of it for comfort, but enough to make skiers ecstatic. Downstairs in the lobby of the huge, futuristic Cliff Lodge Hotel in Snowbird, Utah, was a sign with big red lettering reading: "Danger of avalanches. It is illegal to leave the building".

Much to the delight of skiers on both sides of the Atlantic, December has turned out to be a vintage month for snow. Skiers were knee-deep in fresh powder during the traditional curtain-raiser to the season in Val d'Isère, the *criterium de la premiere neige*. Austria has had one of the best starts to the season for years, with good snow everywhere, to depths of 3.5 metres.

Marion Telsnig at the Austrian Tourist Office says some skiers are already reporting the best skiing they have ever experienced. The Swiss are also confident of a good season but in Italy, the snow is a little patchy and so far no one is using superlatives.

In California, where there is officially a drought, an unprecedented 38 inches of snow fell in a day in Kirkwood, south of Lake Tahoe. So much snow fell in Snowbird and neighbouring Alta that the road through Little Cottonwood Canyon down to Salt Lake City – notorious for avalanches – was closed all night until it was made safe by blasting.

On the mountain, supplies of second world war shells for avalanche control are running low, so the resort is now using shells left over from the Korean war at $100 a go, and working on a new system using compressed air which will cost only $10 a blast.

Even in Colorado, somewhat jealous of the major early snowstorms hitting California, Utah and even Vermont, snow was falling steadily during the party to celebrate the opening night (at last) of the town's biggest and most controversial hotel, the Ritz Carlton. A layer of fresh powder formed on the 12-ft tall bronze statue of a bull elk standing guard outside – nicknamed "Fritzy" – which was officially unveiled before the celebrations began.

Snow storm: skiers have been knee-deep in fresh powder

Dawn revealed an Aspen mountain full of powder and few skiers, celebrities or otherwise, to take advantage of it. We were able to help ourselves to run after run, unhindered by the madding crowd, making fresh tracks almost at will.

There is even enough snow left in New Zealand to enable skiing to continue here and there until Christmas. Many resorts in Europe and America are assured not only of a white Christmas but one of the best for skiing in years.

The lure of the Rockies continues to entice some Europeans away from their own backyard. For a group of Belgian, German and Dutch ski club executives the first taste of skiing this winter was in Colorado, where two more Europeans – Franz Klammer and Franz Weber – were holding a ski clinic in Copper Mountain.

Weber, six times world speed skiing champion in the '80s, now lives in Reno. His fellow Austrian Klammer – the darling of Innsbruck and Kitzbuhel – is a regular visitor to Colorado. For those of us attending the clinic, it was fantasy time. The man skiing at more than 50 miles per hour in front of us down a trail called Oh No! – whom I was trying to keep in my sights like a Spitfire pilot on the tail of a Messerschmidt – is the most successful downhill racer of all time. I had waited for this moment since 1976, when the most celebrated of his 25 downhill victories at Igls in the Innsbruck Olympics astonished the skiing world.

Right now, Klammer seemed to be trying to relive the experience, although he was putting in a few turns. Any other skier in any other resort would probably have had his lift pass taken away. "Did you do as many turns as I did?" he asks at the bottom of the mountain.

"No Franz," I replied wimpishly. "Why not?" "Because you are almost 10 years younger than me." "No excuses!" he says. Now approaching 40, Klammer looks as good as ever. He and Weber are helping us with race techniques.

"Even if you win, you should never be satisfied," says Klammer. "You should always want to have skied it faster. You should say to yourself: 'Dammit, that wasn't good enough.' Don't slide so much. You must carve your turns more. When you have crossed the fall line, you should be able to see your tracks behind you. If there are no tracks, your skis are sliding too much."

Klammer still races against other former champions. Recently, he was fighting it out in Utah against the likes of Bill Johnston (whom he called "nose-picker" when he won the Olympic gold medal in Sarajevo in 1984.)

"Of course, I try to keep in touch with new skiing trends as I get older," he says. "But you know, skiing has not changed fundamentally since I learnt to ski with leather boots, cable bindings and no edges. When I was a boy, only racers had edges. But even today, you still have to stay on the middle of your skis.

"In the old days, it was more difficult. Soft leather boots didn't support you and you had to find your own middle. Nowadays the boot does it for you, and today's skis are built to turn on their own, once you apply pressure to your edges. That's why you get more knee injuries than you used to. If for some reason the ski failed to turn, the weakest part of your body will turn instead – your knees!" And with that he was off, steaming down the mountain as if his knees were bionic. Klammer will be home for Christmas. Colorado powder or not, he plans to enjoy some of the local variety in his native Carinthia.

In search of the shy tribe of Thailand


Sakai people with army ranger. Mr Lud is on the left

Justin Wintle heads south from Bangkok into baking hot mountain country in pursuit of a tiny timid people and is greeted with laughter

HAVING escaped the sticky velvet claws of Bangkok, I am in no hurry to return. I decide, instead, to head south, all the way down the Kra isthmus to the Malaysian border. My object is to visit a tribe called the Sakai.

My interest in the Sakai is twofold. In the first instance they are Australasian-Negroids, sometimes called pygmy negritos. Having once travelled around the Solomon Islands, I am curious to see for myself the physical relationship between the Sakai and some of the black Melanesians encountered in the South Pacific.

Secondly, more whimsically, I am chasing a different sort of memory. My earliest forays into Thailand, in the mid-1970s, regularly took me to the north of the country, beyond Chiang Mai. There, like other would-be jungle-bashers of the period, I hunted out relatively unknown hill-tribes. My happiest achievement was to have spent a week with the dog-eating, opium-smoking Akhai, in a village to which even my hired guide refused to accompany me. Since then, however, those remote mountain areas have been opened up, and hill-tribe-visiting, among the Akhai, Meo and Karen, has become a tourist routine.

The deep and mainly Moslem Thai south, on the other hand, has lagged behind tourism's relentless exploitation of the country's human resources, and so it is my hope to resavour some of the joy of original travel.

I take the early boat from Nathon to the mainland, weaving through smaller islands of great beauty. Then it is a five-hour coach journey to Hat Yai, about half-way to my intended destination.

Hat Yai, though, is more than a staging post. Rather, it is the south's principal commercial city. Three long central streets provide a mart for chattels of all sorts, including exotic birds and fish. What gives the place its character is the identity of the shoppers: mainly Malaysians who have streamed over the border at Sadao or Padang Besar in search of bargains or a good time.

Like every other place in Thailand, Hat Yai has a smattering of tarts, only more so. There are no go-go bars, though: for the Moslem customers a non-alcoholic presentation is preferred.

Even so, in the wake of Aids, Hat Yai has been the cause of considerable acrimony between the Thai and Malaysian governments. South of the border the authorities have done what they can to discourage sex-trips; north of it, officials have issued dubious disclaimers.

I check in at the Dusit J B, the hotel that seems most likely to offer me comfort and least likely to give me a sexually transmitted disease. Fortunately, my hunch is accurate on both counts. A new wing has rooms that are probably superior to any others in a radius of several hundred kilometres and no massage parlour-cocktail lounge-nightclub, although the same cannot be said of the old wing.

Then I make my way to the regional tourist office. In no time at all, and with the help of a local tour operator, a three-day programme is planned. Mercifully, the only material about the Sakai available is half a typed page that tells me they "are content just living day to day eating this and that," and that "their greatest fear is the fear of ghosts."

The following day is spent loitering in the Hat Yai area, which mainly means loitering around Songkhla, the adjacent port and resort city. I am taken to a splendid seven-tiered waterfall at Ton Nga Chang which massages the eyes and ears as no human agent could. Then it is eastwards and up another hill, to the Institute for Southern Thai Studies' Folklore Museum, a scattering of teak pavilions that contain, among many other traditional artefacts, an unrivalled collection of personalised coconut graters.

A coconut grater in this part of the world is not a slim tin object you hang on your kitchen wall. Rather, it is a low-lying stool, carved out of a single block of wood, with a metallic blade inserted in the forward section. In a country that offers more scope for individualism than anywhere else in the Far East, these blocks have, over the centuries, taken on the forms of various animals – tigers, rabbits, turtles, even small boys.

But perhaps the finest exhibits are the stunning views over nearby fishing villages, with stilted prawneries stretching far into the sea, and across Songkhla Lake. Thither I now descend. What is left of the afternoon and the early evening is spent loitering on Samila Beach. Miss Ouyporn from the tourist office gathers spiral shells from around the base of a deteriorating and much-photographed golden mermaid and gives them to me: a simple hospitality that puts even the off-shore naval frigate in a kindly light.

But Miss Ouyporn, alas, has not been detailed to venture with me to Yala and beyond, so my travels are now to be unleavened by the female presence. Instead, they are increasingly hot. The temperature climbs steadily to 40°C and higher. There is also a frisson of danger, as my (male) guide explains. The southernmost provinces were once a communist stronghold, and although there are no communists now, there are still a few "outlaws" who have somehow acquired "war weapons."

The road, running parallel but at a distance from the slanting Malaysian border, is serviceable, the half-baked landscape thinly populated. A disproportionate quantity of white Mercedes, not all of them bearing Malaysian number-plates, kick up clouds of dust that pick out the road ahead, as do a disproportionate quantity of small military convoys. In the villages, where there should be gleaming temples, there are mosques instead.

We are now on the edge of a typhoon belt, though happily, in boiling April, the belt is dormant. We pass through Chana, a nowhere village that boasts one of the oddest festivals in Asia: a competition of singing doves. In a small park a forest of tall bamboo poles stands ready and waiting for 1,000 cages to be hoisted aloft. The trills and cooing of the zebra doves, brought by their owners from all over south-east Asia, are then keenly compared, though with the poles only 1 metre or so apart and 3m-4m high it must be hard to arrive at a clear winner.

After two hours the road forks: Pattani and Narathiwat to the left, Yala to the right. We turn right. Hills and small mountains materialise. In one of these there is a vast cave, as big as a provincial cathedral, and within is a reclining Buddha, 25m long and 700 years old, a remnant of the Srijaya civilisation of far-away Java.

At my insistence we spend too long at Wat Khuhaphimuk. The Buddha really is impressive, the more so since I had no forewarning of it. But what makes the place special, even unique, is the ragged gaping hole in the cave's roof.

Overgrown with twisted tropical flora on its circumference, it seems to control the inflow of light so that the Buddha's vast closed-eyed face is naturally illuminated without being woken. Spindly grey monkeys clamber up the steep rockface to peer down through this vent. To see them from within is a curious inversion of rôles. One feels examined, as though a member of a peculiar species that doesn't quite fit in with the rest of the natural order.

And so to Yala, which again surprises me, for it is not, as I had expected, a scrubby southern market town but something of a garden city, painstakingly laid out in concentric circles with a long and more or less prosperous boulevard to boot.

We put up for the night at the Yala Rama, which is clean and modern enough, but clearly a prostitute hotel. Notices in the lift proclaim three distinct retail outlets: a nightclub, a cocktail lounge and a barber-shop backing onto a snooker room, both offering massage.

On the morning of the third day we at last set off for the Sakai village, in Than To district, Yala province. The road, snaking toward the border town of Betong between steep and jagged mountains sporting heavy green jungle plumage, is nothing short of glorious. We have entered one of the better of Thailand's 63 national parks.

We stop first at the park's headquarters, to collect a ranger and his antique rifle. From there it is a mere 30 minutes in our Toyota Carry Boy to the Sakhai settlement, called Village No 3 in the Ban Rae sub-district.

It is a small place, eight huts and an open hall strewn on the side of a hot hill overlooking a hotter valley, total population 37, the only Sakhai domiciled in Thailand. As luck would have it, 25 of them, representing one-twelfth of all the Sakai on the planet, are absent, visiting relatives in Malaysia. But as luck also has it, the headman, Mr Lud, has stayed behind with two of the womenfolk and two of the childfolk.

When I arrive, all five are seated in the open hall watching TV. In spite of their legendary shyness, none of them runs away. They remain glued to the box. Yet I manage to detach old Lud, a cheerful, smiling man. His features, weathered and compressed, with upwardly exposed nostrils and reds insteads of whites around the small brown eyes, are instantly recognisable, or would be were I on Guadalcanal. Although he is 50-plus, he has the unspoilt torso of a 12-year-old.

What is even better is Lud's volubility. Nor is there a language problem: he speaks the same Malay as my guide. He tells me as much as anyone could be told about the Sakhai in an hour.

Originally his people were nomadic, wandering to and fro across the frontier at will. But the communist insurgency put a stop to that. Both governments decided it would enhance security if the Sakhai put down roots, so most were settled in Malaysia while a few ended up in Thailand. The village children attend Thai schools, where they are taught the Thai language. It is left to Mr Lud to teach them the Sakai language. It would, he says, break his heart if the day ever came when no-one knew the rudiments of Sakhainese.

But does he like his new home, his new environment? Lud giggles. Things are very nice. The huts are well-made, the government provides electricity, and he likes the TV. The village itself is 10 years old. But there again, it is different to the way he grew up.

As well as housing, his people have been granted some land. But land ownership brings responsibilities. In the old days one simply scavenged in the forest for food. Now, to an extent, the Sakai must earn their keep. They produce four or five sheets of rubber a day, as well as a little coffee and some coconuts. "So we can make some money for ourselves, which we never had before, to spend on rice, which we never ate before."

Lud takes me across to his hut, vanishes for a few moments, and reappears with some scrawny roots. These, it transpires, are the traditional herbal medicines of his people, culled from the forest. They work against most jungle diseases – he has never had malaria – but in the big world of antibiotics and other pharmaceuticals, he finds they have no value.

What, I ask, does Mr Lud think will happen to him when he dies?

"Oh, religion, you mean. We find that very confusing. Of course we want to go to heaven, but the Buddhists tell us the path lies this way, while the Moslems say no, the path lies that way. Should we burn our dead, or bury them?"

"But what did the Sakai believe in the past?" Again he giggles.

"Not a lot, I think. We were too busy enjoying ourselves, moving through the jungle all the time. Or, if we did believe in anything, I've forgotten it now."

"And visitors? Does it annoy you when people like me arrive in your village with a lot of questions and cameras?"

Mr Lud explodes with laughter.

"No, no, no. I love visitors. I wish we had more. You see, even with the TV, even when everyone is here, it gets so lonely."

I stand to leave. My guide puts in a question of his own. Can Mr Lud show us his deadly blowpipe? For the first time he looks sad. Sorry, no blowpipe. He had one, but he sold it to the local police chief for a measly sum.

The word from Village No 3 is that the Thai Sakai are well on their way to being assimilated . . . all 37 of them.

Practical Traveller

On the trail of the true safari

THE WORD "safari" is not without controversy writes David Pilling. Take the following extract from one travel brochure: "Anyone who goes to Africa without walking in the bush or sleeping in a tent has only been on holiday, not on safari."

This definition excludes many who would swear they had enjoyed the ultimate wildlife experience, but it hints at the breadth of choice available. There are package tours, adventure or luxury camping, stays in lodges or private homesteads, safaris to two or more countries, activity safaris, even fly-in safaris to remote areas.

Old Africa hands are prone to caricature package tours as the Costa del Kenya, but off-the-rack tours can be good value. Take Hayes and Jarvis (tel: 081-748-5050), which offers seven days in Kenya's Tsavo and Amboseli national parks from £499. Clients stay in basic campsites (putting up their own tents) and travel in minibuses. Most tack on a week at the beach.

Thomson Holidays (071-431-2005) has a Worldwide brochure which includes safari options in Kenya and Tanzania. One tour combining both countries starts at £1,299, staying in lodges. Thomson guarantees a minibus window seat.

Abercrombie & Kent (071-730-7795) organises slightly grander itineraries, such as its 12-day luxury-tented tour built around the wildebeest migration through Tanzania's Serengeti park. Departure is on February 13 1993 at an all-inclusive cost of £2,224. The same company offers gorilla-tracking in Zaire (£937 from Nairobi) and a 16-day Botswana tour for £2,338.

Bales (0306-885991) has similar deals, for example a 12-day escorted tour through Zimbabwe and Botswana for £2,390. Its safaris are often combined with Nile cruises. Twickers World (081-892-7606) concentrates on Zambia ("unspoiled and relatively unsophisticated") and Zimbabwe. A 15-day foray to Zambia's Luangwa Valley works out at just under £2,000. Kuoni (071-374-6601) is generally a little cheaper, with safaris part of a beach-holiday package in Kenya, Mauritius or the Seychelles.

With upmarket tours, flights should be scheduled, groups smaller, itineraries more flexible and imaginative, accommodation better, transport private (preferably in open-topped, four-wheel drive vehicles), and game parks less crowded. Make sure you know precisely what you are paying for.

One way to ensure this is to have your safari tailor-made. Good companies should listen to your requirements, which might include: particular types of game or landscape, an aversion to tents, minimum travel by road, or a fear of small aircraft. Your consultant should have bags of ideas, be realistic about your budget, and have on-the-ground experience of the options being offered.

Art of Travel (071-738-2038), with which I travelled to Namibia's magnificent Skeleton Coast, is an extremely helpful and enthusiastic company. Others in this category are Safari Consultants (0787-228-494), Grenadier Travel (0206-549585) and Tempo Travel (081-361-1131).

The main safari countries are Kenya, Tanzania, Zimbabwe, Botswana and South Africa as well as – to a lesser extent – Namibia, Malawi and Zambia. Gorilla spotters go to Rwanda and Zaire.

Kenya is most popular (though sometimes crowded), with heart-rendingly spectacular scenery. Tanzania's landscape is no less overwhelming and many consider it Africa's greatest wildlife treasure, though economic difficulties make for poor infrastructure and occasionally second-rate accommodation. Zambia, rarely visited, has similar problems, but can be outstandingly rewarding.

The scenery in Zimbabwe does not match that of east Africa, but there is abundant wildlife, especially elephants. Botswana boasts the Okavango Delta, while Namibia has desert wildlife and the famous Etosha national park.

Safaris are best in the dry season when grass is low and the game congregates around water. Do not rule out the off-season, though. You may see fewer animals but you will also see fewer fellow tourists.

PROPERTY

Why you can bank on Gloucestershire

***Gerald Cadogan** examines the perennial appeal of an English county where even the Romans had central heating in their houses*

GLOUCESTERSHIRE is more than a place on the map. That is inadequate for its image as a state of mind – like Virginia, in the US – where gentlemen live and old-fashioned manners and aristocratic, if not snobbish, attitudes rule. But that is not the whole reason why City bankers pour west down the M4 on Friday nights.

Next day's shooting and hunting await, or polo in the summer at Cirencester before a congenial dinner party with...other bankers. Then there are antique shops to visit, or the Coln Valley Smokery to get delicacies for that dinner, and splendid gardens such as Hidcote, Kiftsgate and Barnsley.

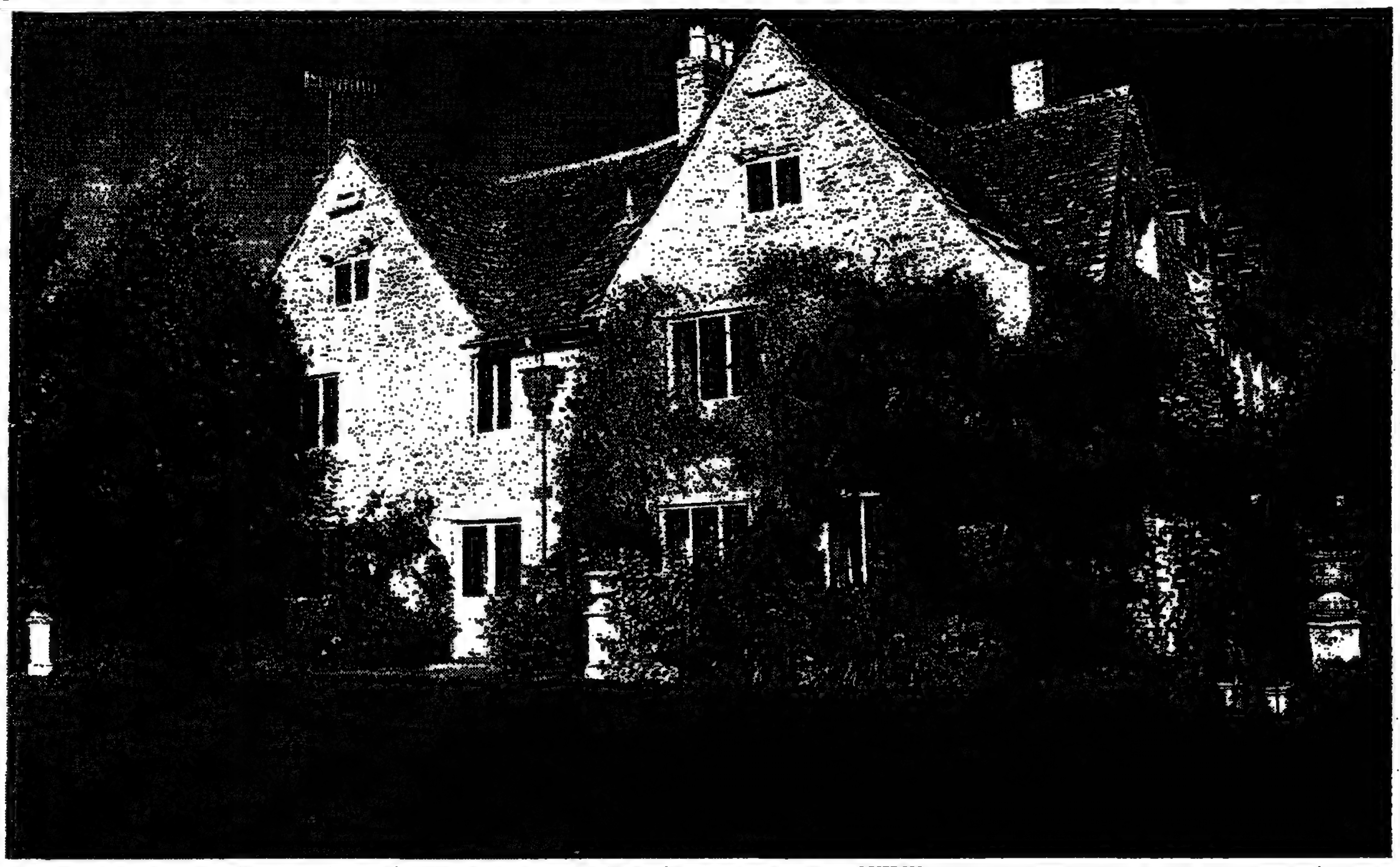
It could be lunch at the Marsh Goose in Moreton-in-Marsh, followed by a tour of the Cotswolds' noble churches. Or a visit to the Roman villas which, like the churches, were built on wool money. (The Roman gentry anticipated 20th century Gloucestershire with their comfortable, centrally heated living and had their own mosaics studio in Corinium/Cirencester to build their floors).

Being tucked into the angle of the M4 and M5 is convenient and, if you are going north-east, you still take the Romans' road to Leicester, the Fosse Way (A429). Another attraction of this beautiful county is its tight planning laws. Much of it remains unspoilt.

Gloucestershire's greatest advantage is that it has many liveable houses. They are not stately homes demanding armies of non-existent local servants but easy-to-maintain farmhouses, manors and old rectories. *Even small villages have two* or three houses of this size; and in a prosperous town such as Cirencester, they are many and grand.

Plenty are now for sale, many of them done up in the 1980s when Gloucestershire boomed. Debt has forced some of these sales. "It is one of the three Ds to the house market," says Tim Lawson of Knight, Frank & Rutley. (Death and divorce are the others.) Many of the former farmhouses have a few acres with them, enough to graze a hunter or children's ponies.

For real farmers, Lane Fox in Cirencester (0285-653-101) is offering Slaughter Farm at Bourton-on-the-Water, a Georgian house with 372 acres, cottages, barn, silage clamp and a kilometre of double bank *trout fishing on the Windrush, at* around £1.15m in all. Outside Stow-on-the-Wold, the Brellim House estate – where the annual horse fair still attracts the gipsies – is for those who will bid over £1.3m to run a state-of-the-art equestrian centre (through John D. Wood in Oxford: 0865- 311-522).



Roberts House at Siddington, near Cirencester...the very ideal of a gabled and stone-slated Cotswold property, on offer at around £675,000

Berrimans at Lypiatt is also for serious horsemen. It features a Kentucky-type barn with 10 loose boxes and "staff rest room" for about £495,000 (from Jackson-Stops in Cir*encester: 0285-653-334).*

If you dream of keeping a herd of deer, Knight Frank & Rutley in Cirencester (0285-659-771) will wave the magic wand at Priors Meyne, Lydney, a pink-stuccoed house overlooking the river Severn with 72 acres of park and woods (for about £600,000) and the chance to buy the resident 50 fallow deer.

Houses with smaller parcels of land that will keep a horse include the Edwardian Clifordine House at Rendcomb. It has a whirlpool bath *to ease limbs tired from hunting* and can be had from Strutt & Parker in Moreton-in-Marsh (0608-50502) at around £650,000.

Then there is the late-Georgian Close Farm House at Coberley – £587,500 from Allen & Harris in Cheltenham (0242-580-883) or Humberts (0242-513-439) – and Ellenborough House, a well-converted barn near Winchcombe with five holiday cottages producing a net income of around £20,000 and well-placed for the Cheltenham Gold Cup. From *Humberts for around £675,000.*

A typical Cotswold farmhouse with some land, barns and a cottage is Upper Coscombe at Temple Guiting, from Savills in Banbury (0295-263-535) for £550,000 (or £125,000 more to include a second cottage). Another for horse-owners is Crows' Nest Farm at Upton St Leonards, outside Gloucester, which has been made out of an old farmstead. The long views to the Malvern Hills and Wales give the house its name; Knight Frank & Rutley *offers it at £450,000.*

If you can live without horses, Bluegates near Berkeley Castle (where Edward II met a sad end) and just 20 miles from Bristol is a Victorian red brick farmhouse with one wall picked out in yellow and blue bricks. It lies in the flat ground of the Severn valley, beyond the Cotswolds, where the weather is much warmer. Cluttons in Bath (0225-469511) has it at £300,000.

Near Cirencester, some attractive cottages are on the market. Jackson-Stops *is selling two in Meysey* Hampton at £97,500 and £184,000; one in Edwards College, the terrace almshouse in South Cerney, on instructions from the diocese, at £115,000 (and needing work); and the old village shop in Eastleach, a more substantial building, at £285,000. In Birdlip, between Gloucester and Cheltenham, Strutt & Parker offers Birdlip Farmhouse at £130,000.

The grander village houses show how prosperous the wool trade was, and are good places now in which to hole up when snow cuts off the estates on the hills.

Best of the Georgian village houses is the handsome Colebrook House at Blockley, near Moreton-in-Marsh. Built by a silk miller and featuring a two-acre garden with brooks, Savills offers it at £495,000. Also in Blockley is the converted Regency-style 1835 Ebenezer chapel, with Jackson-Stops in Chipping Campden *(0386-840-224) at around* £285,000.

About a century older are two properties with walled gardens: the Oak House in Tetbury, on offer from Humberts there (0666-502-284) at £325,000; and Picton House in Broadway (the village well known for the Lygon Arms hotel) which had an antiques shop on the ground floor with a flat above – from Jackson-Stops at £750,000. The premium is in its "fine retailing position".

Oldest of the pre-Georgian village houses is the basically Elizabethan Brook Bend, in Weston Subedge at the foot of the Cotswolds near Chipping Campden (from Jackson-Stops at £335,000); and the early-17th century Roberts House in Siddington, south of Cirencester. It looks the ideal of a gabled and stone-slated Cotswold house, and has a cottage which could contain either the gardener (for its walled garden) or granny.

The Cirencester office of Jackson-Stops is selling it at around £675,000 and, for around £210,000, also offers the late-17th century Glebe House in Avening, near Tetbury, which looks entrancing.

Twice that price is the 17th century Brimpsfield House in Brimpsfield, between Cirencester and Gloucester, with a first-floor oriel window. This house – from Knight Frank & Rutley, together with Halifax in Cirencester (0285-650-576) – is for archaeologists or military historians. The remains of its predecessor, a medieval castle, are in the grounds.

A more complex cowboy

***Michael Skapinker** finds that, because of its cross-border nature, the timeshare industry is particularly difficult to clean up*

DIANA Hanks is on the telephone in the Timeshare Council's basement office in Buckingham Gate, steering yet another caller away from potential disaster.

"The company is registered *in Gibraltar? I think that* speaks for itself," she says. Apart from inquiries from would-be buyers and sellers of timeshare, Hanks, the council's consumer services manager, deals with complaints about the behaviour of some of the industry's shadier operators. On an average day, the council, which represents the acceptable face of the timeshare industry, deals with 23 complaints.

Last October, a new Timeshare Act came into force, giving buyers 14 days to withdraw from contracts and claim their money back. The act, however, provides a remedy for only one of the timeshare industry's many abuses: high-pressure selling. And that remedy is available only to those who conclude timeshare contracts in the UK. The council estimates that 75 per cent of contracts are concluded while the buyers are on holiday abroad.

The council aims to improve timeshare's reputation – not an easy task. When the Office of Fair Trading earlier this year revoked the consumer credit licences of six companies associated with Club Riviera, one of the UK's leading timeshare groups, Simon Clarke, a director, did not think the image of the business would suffer. "Being in the timeshare industry alone is as bad as you can get," he said. "In terms of public awareness, you don't have good timeshares and bad timeshares, you just have timeshares."

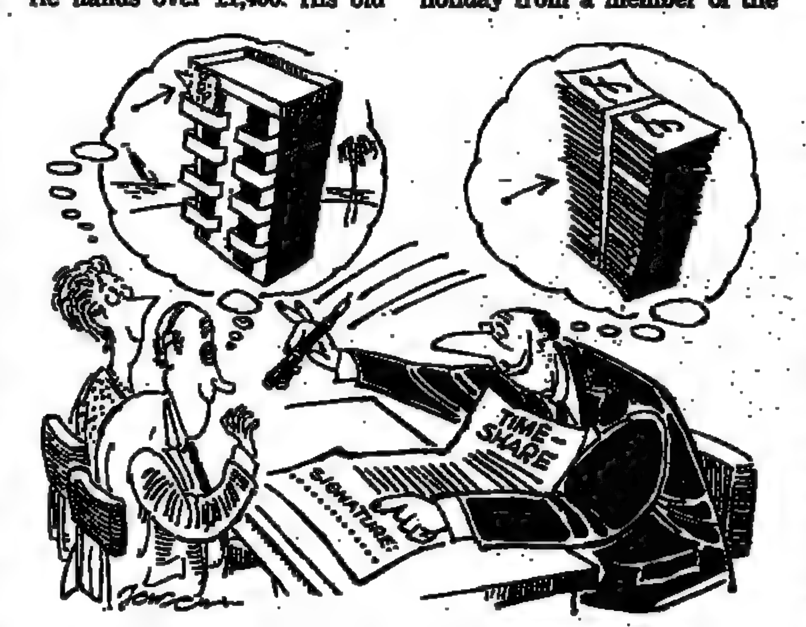
Club Riviera's application to join the Timeshare Council has been refused.

Tom Critchley, until recently the council's chairman and now its European affairs specialist, concedes that timeshare is a difficult business to clean up. "Cowboy housebuilders, doubling glazing and insurance salesmen – to some extent, they've been seen off. But timeshare has the complexity of its cross-border aspect. You might have a German developer selling to the British in Spain. The legal structures are widely different."

Of the complaints that the council receives, 90 per cent concern alleged crookery in Tenerife. One of the most common types of sharp practice is perpetrated on people who already own timeshare.

Typically, the timeshare owner is in Tenerife on holiday. *He is invited to visit a* resort which, he is told, is superior to the one he is in. He visits it; it is. A salesman tells him: "You paid £5,000 for your timeshare. We can get you £7,500 if you want to sell it. This place will cost £7,000."

All the customer needs to do is pay a deposit of 20 per cent. He hands over £1,400. His old



timeshare is never sold. He does not pay the balance of the £7,000, but the salesman would have been in trouble if he had. On a typical day, the salesman might take 20 per cent deposits for the same apartment in the same weeks from five different people.

In spite of experiences such as these, the British are big buyers of timeshare, although the recession has recently led to a fall in sales. When the OFT investigated timeshare two years ago, most owners said they were happy with what they had bought. Among continental Europeans, timeshare is gaining popularity.

What is the attraction? Timeshare owners say the quality of the accommodation and facilities is often far superior to that available at hotels. Those who go back to the same place every year say they know what they are getting, with no nasty surprises such as all-night discotheques and crowds of rowdy post-adolescents.

Another advantage, surprising perhaps to the uninitiated, is the choice that timeshare offers. Some buyers of timeshare never visit the resort in which they have bought their weeks. By becoming members of exchange companies, they can swop their weeks for time in resorts all over the world.

Some owners believe their timeshare is a good financial investment. It is not. Buyers of timeshare, even from highly respectable companies, have nothing like the protection offered to a purchaser of a package holiday. If you buy a holiday from a member of the Association of British Travel Agents (Abta), you are fully protected if the travel company collapses. The Timeshare Council takes up complaints against member companies but does not monitor their finances and offers no compensation if they go out of business.

The OFT report said timeshare did not compare favourably with the cost of taking a series of annual self-catering holidays of a similar standard. Timeshare buyers were also committing money they might need in the future if they suffered changed circumstances, such as redundancy.

Champions of timeshare reject this view, arguing that it has the financial edge over annual holidays because timeshare can be resold, whereas money spent on holidays cannot be recovered.

But even while arguing that timeshare is cheaper than paying for holidays each year, the industry's advocates agree that no one should buy timeshare purely as an investment. When property was still an attractive proposition, some thought that by buying timeshare they were investing in bricks and mortar. This is not the case. Timeshare is merely the right to use accommodation for a specified number of weeks each year.

The value of timeshare falls by 40 per cent or more as soon as it is bought because a large proportion of the initial price goes towards paying the resort developer's marketing costs. Peter Lewis, managing director of PrimeShare, a large resale company, says timeshare does not regain its original price until five years after purchase.

This means that before buying timeshare it is worth seeing what is available from a resale company. Again, however, it pays to be cautious. Buying from a resale company, as opposed to a resort developer, does not secure protection by the new Timeshare Act, *even* the contract has been concluded in the UK.

This is because private vendors are not covered by the act and the resale company is merely acting as their agent. Make sure the resale company offers a 14-day cooling-off period.

Also ensure it intends to put your money in a designated account, supervised by an accountant or qualified professional, until the transaction is complete. Never deal with a resale company which is not a member of the Timeshare Council.

In these recessionary times, it is not only buyers who are interested in timeshare resale. Many existing owners are keen to sell. Some have received calls asking whether they want to sell. If, as an existing owner, you get such a call, ask for the name and telephone number of the company and say you will call back when you have established that it is a member of the council.

You will probably not hear from the company again. The chances are it has obtained your name and number in an underhand fashion. The council has received complaints about companies taking registration fees from existing owners of up to £175 for each week owned, and failing to do anything to achieve a sale.

● *The Timeshare Council, 23 Buckingham Gate, London SW1E 6LB. Tel: 071-821-8845.*

هكذا من الأصل

Golf

A wind-blown heaven

I HAD grown up hearing stories about Royal Porthcawl, the famous golf course in south Wales, and years later I covered amateur and professional events that it staged. Porthcawl, then, had a place in my mind, but as I had never played there, it had not yet won a place in my heart. The chance to try out my middle handicap game over its 6,600 yards came unexpectedly in the form of a letter from my friend Robert Macdonald in the US.

Macdonald and his fellow enthusiasts were making their annual pilgrimage to play golf in Britain. Last year it was Muirfield in Scotland and thereabouts; this year it was to be the Welsh courses. They would start at Hoylake, move down to Aberdovey, Royal St David's and Borth and conclude with Southerndown and Royal Porthcawl.

There was no messing around. These were the sort of men who put the word serious into the phrase serious golfers. It was 36 a day, nothing less. Would I join them for all or some of the trip? Could a Welshman refuse such an invitation?

Macdonald cares deeply about golf as it is played in Britain. He has no more interest in watching most professional tournaments than a pro would have in joining one of his monthly Shakespeare play-readings in New York city where he lives. He and his friends have been making these golfing trips to Britain on and off since 1980. The organisation is meticulous.

Before Macdonald settles the itinerary, telephone calls are placed hither and yon and letters whizz across the Atlantic. "To travel hopefully is a better thing than to arrive," wrote Robert Louis Stevenson. Macdonald does not agree. "I am well aware that what seems like a rainbow to me may seem like a wisp of fog to others," Macdonald wrote to me.

Tee times are booked well in advance, hired cars organised, route maps drawn up. I would not be surprised if the foreign secretary received a carbon copy of the final itinerary. I have no doubt the US Ambassador to Britain is on a red alert.

*American friends introduced **John Hopkins** to the joys of Porthcawl's links in his native Wales*

The golf is only the half of it. We are talking of men of substance, who like to complement their efforts on the golf course each day with something more than bread and dripping. The quality of the eating and drinking receives as much attention as a two-foot putt to win a hole.

So one evening in September I made my way to the Egerton Grey Hotel at Porthkerry near Porthcawl. As I walked in, I heard transatlantic voices coming from the lounge.

In one chair was Arch, a tall man with a warm smile and clumps of hair that sprang out seemingly uncontrollably from above his ears. He was The Keeper of the Records and deadly serious about it, too, noting all the details in a thick book.

At one point the discussion turned to the forthcoming US presidential election when Arch suddenly interrupted. "Wait, wait," he said urgently. "I have got to write down our putts from this morning. How many did you have Robbie?"

Macdonald, meanwhile, was wearing the smile of a man who is halfway to heaven. He had played well that day and fallen in love with Porthcawl.

Sidney, the third member of the trio, had his head in the wine list assessing the bottles as he had scrutinised every putt that day.

Up to this point, 1992 had been a good year for me in my quest to experience good courses. In March I had played at San Lorenzo in Portugal and been enchanted by its stirring holes by the sea in the middle of the round and its wonderful finish.

The morning after the conclusion of the US Open, I tackled Cypress Point on the Monterey Peninsula. Behind me was Ian Baker-Finch, the 1991 Open champion. "Good-day mate," he had said. And as we walked to the 16th tee, who should appear but Mark Calcavecchia, the 1988 Open champion.

Still, it is not for so many stars that I remember Cypress Point. It is because I went par, par, par on the 15th, 16th and 17th holes, two par threes and a four on three of the most photographed holes in golf.

By September, the flush of excitement at my feat had worn thin and when I saw the sea hurling itself furiously at the shore by the side of the first hole at Royal Porthcawl doubts assailed me.

Four hours later I was as elated as Macdonald had been the day before. I changed out of my spikes and admired the magnificent wooden lockers, which must be as old as the club. Silently I berated myself for ignoring the charms of Porthcawl for so long.

It was a good enough test to stage an Open. The sea is visible from nearly every hole and as we leaned in to the wind we could glimpse in the distance some of John Masefield's "dirty British coasters with salt-caked smoke stacks" barging through the seas. "I think I am going to have to revise my top five British courses," said Macdonald. "This place is terrific."

At the bar over ham sandwiches and beer, Arch worked out that he and SK were level on the morning's play. Robert Macdonald calculated the state of our match. It was to be good news: "John has won." I took delivery of three 50p pieces and returned to London, victorious, windblown and deeply contented, like an art lover who has found an unexpected Rembrandt.

As for Macdonald and company, they played another 18 – and then a further four. If darkness had not intervened, they would still be there.

The Mercedes-Benz 320E: swift and safe on slippery roads.

Motoring/**Stuart Marshall**

Tried and tested wins the day

NEW MODELS grab headlines. But well-established cars that have had a facelift-cum-heart transplant in mid to late life often are the shrewd buyer's choice.

All the initial snags – and it is a rare car that has absolutely none from the outset – have been sorted out. Over the years, the product has been honed as close to perfection as it is ever likely to get.

In the past few weeks, I have tried four cars in this category: the 1993 model ranges of Jaguar and Vauxhall; the latest V8-engined BMW 730i; and the 24-valve, 3.2 litre Mercedes 320E. Only the Vauxhall Cavaliers (Opel Vectras in mainland Europe) looked much different. But all the cars were significantly better than those they succeeded.

The £43,528 Daimler four-litre is, as ever, a slice of old England, trimmed in pungently sweet-smelling Connolly hide and wearing its wood veneer as unself-consciously as any Bentley. Going slowly on winding lanes and around town, I thought it felt rather soft and loose-jointed but, as speed rose, it became a real driver's car, not just a chairman's transport.

A driver's side airbag and a state-of-the-art security alarm are among a number of individually small but cumulatively significant improvements to all 1993 Jaguar saloons.

Long term, though, Jaguar must produce a smaller, roomier and essentially more up-to-date model, possibly with a V8 engine, to remain competitive with BMW, Mercedes and the up-market products of Japanese makers. In short, something around the size of the BMW 5 series.

Although the present BMW 7 series is nearing the end of its life, it remains a brilliant performer with the new three- and four-litre V8 engines.

Before long, these V8s will power the 7 series replacement, but they also are available now in the range-topping 5 series.

The £37,250 730iA with five-speed automatic transmission was so quiet, swift and agile that I found it impossible to fault. As I settled luxuriously into its soft, hide-trimmed upholstery, I scented victory in my war of attrition against the traditionally hard Teutonic seat. (Come to think of it, it has been some time since anyone in Munich or Stuttgart told me, earnestly: "Hard seats are very good for you").

Vauxhall deserves any number of Brownie points for giving its posher Astra models a central display on which the radio wavelength is shown boldly enough for people like me to read easily without glasses.

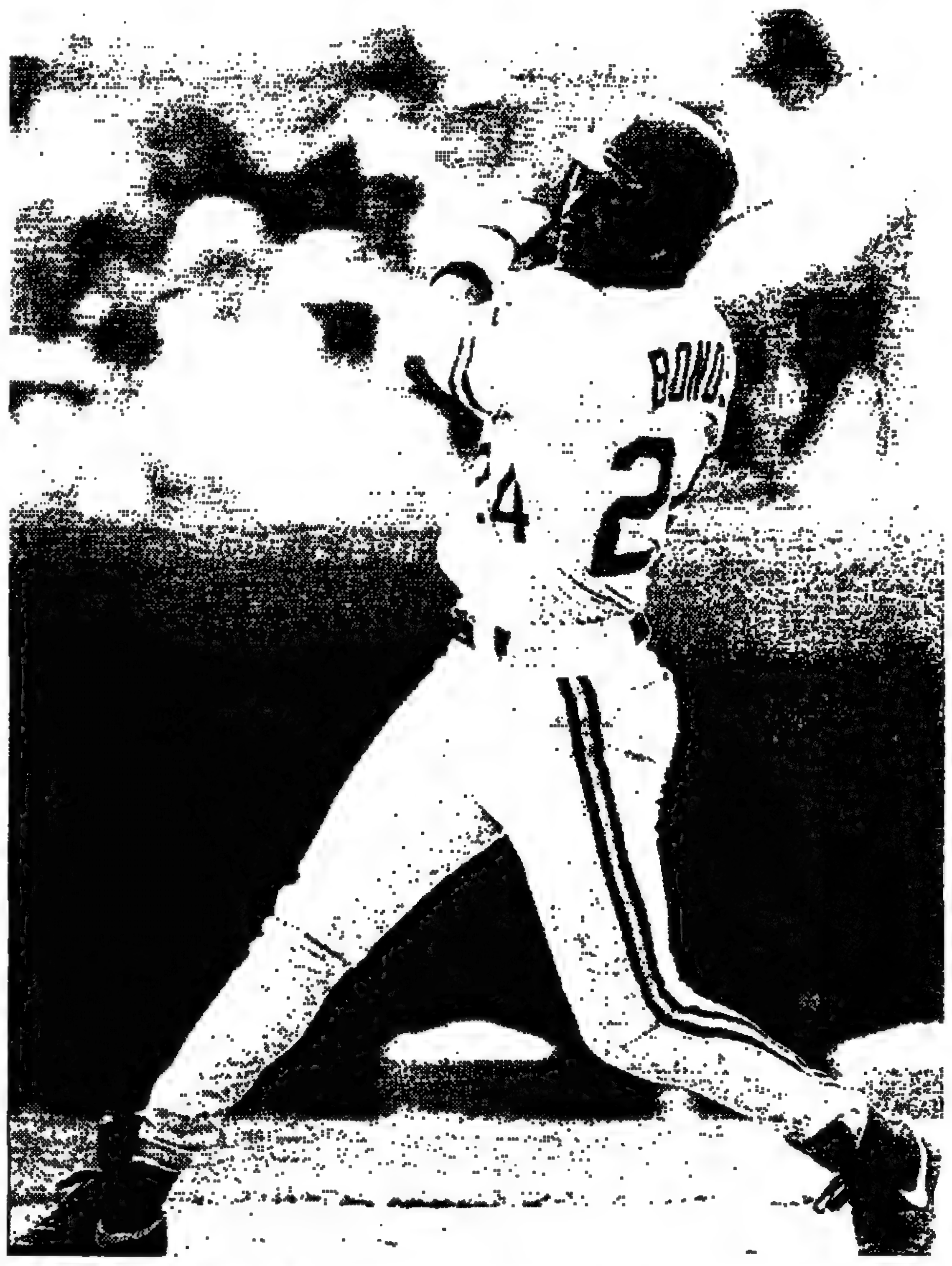
The power-steered, £11,912, 1.6 Astra automatic I tried was well-mannered and compact, lively though solidly built, and parked easily.

On minor roads covered with sodden mats of autumn leaves, a turbo-charged, 204-horsepower, £19,259 Cavalier 4x4 was astoundingly safe and grippy. The whole Cavalier range has had a major revamp for 1993, with automatic seat belt tensioners, side impact protection beams and optional driver-side airbags. Luxury models with 2.5 litre, V6 engines are coming soon.

The 320E I drove was the top model in a collection of 12 mid-sized Mercedes-Benz saloons, estate cars and a four/five seat convertible with new, low-emission, multi-valve petrol engines. All have driver-side airbags as standard.

Its eager 220 horsepower was usable safely on wet roads because the optional - and highly desirable - ASR automatic skid control system (£1,982) was fitted. This matches power delivery to tyre grip, avoiding wheel-spin during hard acceleration and assuring balanced handling.

The 320E is listed at £32,256. Extras – including ASR, leather seats, cruise control, Sportline suspension and eight-hole alloy wheels – raised the price of my test car to £39,604.



Family Bonds: next year Barry will be baseball's top-paid player and wear the number his father Bobby wore

Baseball

Casey at the bat in the US Senate

***Jurek Martin** looks at the US national game's continuing troubles with politics, race and money*

ON JULY 9 1958, a Senate judiciary sub-committee convened to investigate the exemption of baseball from the nation's anti-trust laws. The star witness was Casey Stengel, then manager of the New York Yankees, whose contributions to the English language make those of the fictional Mrs Malaprop insignificant.

It was an immortal display of Stengelese. After one extraordinary digression, Senator Estes Kefauver declared, in frustration: "Mr Stengel, I am not sure I made my question clear," to which the great Casey replied: "Yes sir, well, that is all right. I am not sure I am going to answer yours perfectly, either."

There was one moment of clarity. "An owner," Stengel said, "gets most of the money at home and it is up to him and his staff to do better or they ought to be discharged."

Plus ça change. On December 10 1992, the same sub-committee reconvened with the same purpose. Its star witness was Fay Vincent, dismissed summarily last summer as the commissioner of baseball by the owners for failing sufficiently to heed their bidding.

Vincent speaks no Stengelese, but he loves the sport as much. He described himself as just "another former bureaucrat without formal standing in baseball." On balance, he thought baseball still warranted anti-trust exemption but should have to prove continuously that it does.

Gently, but pointedly, he said one condition should be the existence of a truly independent commissioner who represented all the sport's component parts. He told Senator Howard Metzenbaum: "I said one time that the business of baseball is like the sun: you can't look at it for very long without turning away."

The problem for baseball is that the indispensable public might be turning away from it, not in legalistic confusion but in disgust.

The big off-season story has been the case of Marge Schott, owner of the Cincinnati Reds. It is most charitable to describe Schott, whose fortune is derived from used cars, as silly, even eccentric, in the indulgence she allows her pet Saint Bernard, Schottzie Two.

Her arbitrary treatment of her employees on the field and off it is legendary. Lou Piniella quit as Reds' manager in October, less than two years after bringing a World Series crown to Cincinnati, because he could stand her no longer.

As owners go she was not exceptional; and with George Steinbrenner, the ultimate autocrat, returning to the helm of the Yankees next year, she might have attracted minimal attention outside Cincinnati. That was until her fondness for racist and anti-Semitic epithets became public knowledge.

Four years ago, Al Campanis, of the Los Angeles Dodgers' front office, opened baseball's hidden can of worms when he remarked that he did not think blacks were up the demands of managing baseball clubs. Schott's references to two of her players as "million-dollar niggers" were equally offensive and in no way mitigated by the fact that she then hired a former Red, Tony Perez, a black Cuban-American, to succeed Piniella.

Of course, the Rev Jesse Jackson intervened and, of course, Schott apologised, as had Campanis. But the public outcry was enough to induce the owners to form a committee to investigate how she should be "disciplined" (although how poachers bring gamekeepers to heel is not easy to imagine. An independent commissioner might).

If all this were not bad enough, baseball then nearly countenanced the ultimate sin of sacrilege on its own history. Nobody disputed the San Francisco Giants' right to pay Barry Bonds, of the Pittsburgh Pirates, $43.75m (£29m) for the next six years. For a player who has never hit much in post-season play, the contract seemed high; and for a team that would have moved to Florida, had the other owners agreed, because it could not make money in the Bay Area, there seemed a lack of financial sense. The Yankees, bidding furiously but offering only the same annual salary over five years, had the gall to complain that the Giants were distorting the salary market.

What upset the purists was Bonds' demand that the Giants allow him to wear the number 24. That number belonged to Willie Mays, not merely the best ever to wear a Giants uniform but, beyond all reasonable doubt, the greatest player of the last 50 years.

Mays is Bonds' godfather, and is said to have given him permission to use the number, but even that was insufficient explanation. Fortunately, Bonds relented and said he would wear 25, the number sported by his father Bobby in the days when he and Willie patrolled the outfield together.

The other trades showed how much clubs with money are willing to pay for the right free-agent talent (although, with 18 of the 26 major league teams operating at a loss, not all have the resources).

The dismemberment of the Pirates, probably the best National League team over the past five years but not the richest, proceeded apace. They lost not only Bonds but also Doug Drabek, a fine pitcher, to Atlanta, which is stuffed with fine pitchers already.

David Cone, transferred from the New York Mets to help pitch the Toronto Blue Jays to the World Series title in the last month of last season, is off to Kansas City for a $9m signing bonus. The Blue Jays also lost Jimmy Key, a good left-hander, to the Yankees and are letting the venerable Dave Winfield go, replacing him with the medium-in-the-tooth Paul Molitor from Milwaukee.

The Yankees also signed Wade Boggs, who had spent all his career with the Boston Red Sox compiling a gaudy .339 batting average but hit only to .260 last season. The Mets and the Red Sox, coming off *anni horribiles*, respectively picked up admirable ancients, Frank Tanana and Andre Dawson.

But the ultimate question is whether there will be a next season. By a narrow margin at their winter meeting, the owners voted to re-open contract talks with the players' union in the weeks ahead. It had been thought they would wait a year and enjoy the $4bn-plus television revenues guaranteed next year, but not thereafter.

Trouble looms and there is no commissioner. Perhaps the call will go out to another great mangler of the English language. After all, George Bush is about to become a free agent himself.

PERSPECTIVES

Nine phases of Arthur

Robin Lane Fox salutes gardening writer Arthur Hellyer, who turned 90 this week

WE ALL know about guardian angels, and even I would like to believe in them. Gardening angels may be less familiar but, as I have just been in touch with them, for this week you can believe in them, too.

They do promise that they are trying to do their best. They really will stop the rain when most of the water companies stop losing quite so much of it between the reservoir and the customer. They know that we would all like to keep our Christmas azaleas alive for more than a month, but they do feel a conflicting loyalty to the house-plant trade and the growers must come first.

Just at the moment, they are feeling rather pleased with themselves. Many years ago, they had a master plan; this week, they are seeing it enter phase nine.

He might not realise it but the master plan concerns my colleague, Arthur Hellyer, who reached his 90th birthday this week. When he began to write, old age was still old age, but nowadays we are being asked to call it chronological experience in order to be correct. So, we must all congratulate him on his chronological experience while reminding him that the saleroom correspondent of *Country Life* magazine, to which Arthur also contributes with distinction, was still writing to the highest levels after seven years' further experience in his 90s.

Meanwhile, if you ever wonder about retirement or the passing years, he is the definitive evidence that the best answer is to get out into the garden and never retire at all. If so, you ought to start as soon as possible. Here, the gardening angels must take up the story, beginning with what they see as their successful phase one.

In 1916, the lad Hellyer was ordered by his father to go to work on the lawn, dig it up and grow vegetables because the Germans were threatening the British imports with submarines (nowadays, they threaten them with a strong currency).

Arthur passed his patriotic test and was ready for phase two: three years of post-war farming in Jersey, which must have been good for the back muscles. Phase three, until 1929, took in eight years at a general nursery in the south-east. All the while, the angels knew why it was needed.

The pen, we all know, is mightier than the sword: usually, it is less of a match for the spade. Perhaps the previous schooling at Dulwich played its part, perhaps it was angelic direction, but Arthur now moved from the potting shed to the printer and became an associate editor for *Commercial Horticulture*, one of those titles which did not wait around for a Maxwell to buy it.

So phase four rapidly became phase five, the backbone of the angels' plan: the young Hellyer moved to something even more solid, *Amateur Gardening*, where he was to work for the next 38 years.

From 1929 onwards, the British home-owner had a fully-trained expert, willing to be photographed in sensible jerseys, sometimes with a reassuring pipe in hand or mouth. Who better to tell them what they perhaps wanted to know: how to lay a land drain, dig a bastard trench, or make their own cabbage crop fertiliser and apply it to a rod of ground.

In 1937, it was time for phase six: commercial authorship under the Hellyer name, beginning with *Your New Garden*. The angels admit the timing was rather optimistic; but they never could stop men fighting and, during the sequel, they could win only one small concession: the publication in 1941 of the *Amateur Gardening Pocket Guide*.

This Hellyer classic would have fitted in a kitbag or suited any soldier-gardener who found himself wondering how to cope with carrot fly while sitting near the front. It proved the merits of angelic foresight by going into endless editions until 1971, rivalled only by *The Amateur Gardener*, the deserving favourite of Arthur's many books.

When the war ended, there was a significant conjunction in the charts. I was born on an October day when *The Times* was offering chrysanthemums at one shilling and threepence for 10 and, as a sort of angelic, pre-emptive strike, Arthur moved up to phase seven: the full editorship of *Amateur Gardening* which he held, famously, for 21 years.

In 1959, the angels felt that the working gardener now had enough friendly pictures of Arthur sowing seeds from his much-photographed hands, or looking reassuring among the brasiccas with that trim moustache and ever-cheerful eye. The next target lay in the idler reaches of the social pyramid, and so phase eight began: the weekly column for the *FT*.

It started modestly with a piece on the definitive art of weed control but, like weeds, it is still with us after 33 remarkable years, almost without interruption. You all know and admire the clarity, generosity, grasp of plain science and the range of plantsmanship and gardens visited all over the world and written up to encourage us.

Perhaps you are wondering why the angels needed so many phases for their purpose. They do believe in free will and, once Arthur was started, they could guide but not coerce him. But they had also foreseen two dangers. One was the appearance in 1970 of a second *FT* columnist who did not know the true properties of bone meal, hated heathers, and was prone to run riot on the topic of the National Rose Society's gardens. They had to have their own man in place to keep me firmly in hand.

Their other reason, I can now reveal, was that they had foreseen the rise of the conservation movement in the 1980s. Everyone would enthuse about the merits of "lost" garden plants and try to conserve them. However could we keep a grasp on reality unless Arthur Hellyer had been conserved long-term for the purpose?

I recall, with relish, the gentle deflation in his *FT* review of a book by the director of Wisley called *Vanishing Garden*. The good director lamented as lost treasures plants which Arthur had known intimately during his phase three in the 1920s. With the unique authority of the one surviving expert who had grown and assessed them himself, Arthur reminded the conservation authors that, so far from being a tragically lost heritage, these plants were weak, sulky nuisances.

Now it is to be phase nine. Will it be a new line in fruit management, a critical review of gardening by urban councils, or the continuing defence of the balance of knowledge and unpredictability in a garden-lover's life? Perhaps all three; but before you could do more than wish the *FT*'s senior correspondent the best of it all, the gardening angels vanished to the strains of their signature tune, *In the Mild Mid-Winter*, and I was left wondering if even Arthur has ever seen a better year for winter-flowering cherries.

Condemned to months of silence

Christina Lamb meets Brazil's most notorious priest

LEONARDO Boff cheerfully admits that in former times he would have been burnt at the stake. Boff is a harmless looking man with big glasses, a bushy white beard and home knitted sweater. He has the kind of benevolent air that would make him a natural department store Santa Claus. Yet he is Brazil's most notorious priest and is considered so dangerous by the Roman Catholic Church that he has been subjected to 11 months of "obsequious silence", banned from writing, making speeches, and this August from teaching.

Able to stand no more, Brother Leonardo Boff recently reverted to plain Genesio Darcy, leaving the church and the Franciscan order after 25 years, accusing the Vatican of "destroying all hope" and practising the same repression as the military regimes it once opposed.

He describes the decision as "difficult and sad" but unavoidable.

Boff, 53, symbolises the distance between the doctrine meted out from the palaces of Rome and the reality of poverty-stricken Latin America, a gap that has widened with the centralisation of the Roman Catholic church under John Paul II, the most conservative pope of recent times.

Many have seen Boff's departure from the Church as signifying the collapse of liberation theology, the movement which emerged from the Medellin conference of Latin American bishops in 1968 proposing a more open, less hierarchical model of the church with more participation in social and economic issues. Boff was one of the movement's founders and its principal proponent in Brazil, the world's largest Catholic country.

He travelled the world and wrote 60 books, infuriating the Vatican by criticising its lack of internal democracy, its distance from the people and the use of big cars and palaces by bishops whom Boff describes as "appearing to the poor as if they are on the side of the oppressors".

Boff practises his preachings and is an advocate of Base Communities – groups which meet at least weekly to apply the Bible to everyday problems. These were particularly active during Brazil's military years of 1964-85 as a shelter for political dissidence, producing most of today's leftist politicians and union leaders.

CEBs use theatre, dance and folk art in sessions which often go on all night and which are run by laypeople, often women. According to Boff, "the idea is to create a dialogue people understand – people to whom no-one ever listened here feel God is listening to them".

CEBs help with food, housing, education and health. In Brazil's drought-stricken north-east, members check that ovens have been lit as a way of finding out if people have food.

In the 1960s and 1970s, when the Church was at the vanguard of the fight against military regimes all over Latin America, the common enemy helped bridge the differences between the two models of the church.

But as the dictators fell, Boff's criticisms caused increasing irritation in Rome, particularly to Cardinal Ratzinger who heads the Sacred Congregation for the Doctrine of the Faith, the old Inquisition. In 1985 Boff was punished with 11 months of "obsequious silence" for his book *Church, Charisma and Power* which sold 100,000 copies in Brazil and was reprinted in 15 languages. Since then his work has been censored.

The Vatican questioned Boff over his "doctrinal deviations" and he was removed from the editorial board of *Vozes*, Brazil's Catholic magazine and publishing house, and stopped from lecturing for one year. In April a German was appointed as Boff's censor and in August, when he was due to resume teaching, he was informed that for "the good of the Church" he would be stopped.

This was the last straw: "They have immobilised me. This is exactly what military regimes did and the Church always opposed."

According to Boff's brother Clodoviz, a priest in Rio, what made the Vatican turn on Boff was the popular roots of his theory: "Rome is scared of Boff because his theory has one foot in theology and one foot in the people who ask 'why should Rome nominate our bishops, why shouldn't women be priests?' It's not advanced or brilliant but behind liberation theology are people, whereas behind European theology is a library."

"Church and religion are important," says Boff, "in that they have the capacity to provide hope, resistance and meaning of life but in Brazil people are crying out and no-one listens."

He believes the church should be decentralised and more attentive to local cultures. "Religion is not made in the clouds but on the ground so what matters is what ground your feet are on. Faith is very different for someone living amid abundance and development in the first world than in a poor African nation."

Boff says he did not leave the Church before because "I felt I could fight from within. But like frying hot cakes in a closed room you eventually reach a point where the steam all around is suffocating". He stresses, "leaving the Church does not mean giving up faith. It's just a matter of changing hierarchical positions."

Nor is his departure an admission of defeat: "We've achieved a lot. Usually it takes two or three generations before a new theology is heard in the centre of the church. Ours took just 15 years to oblige the highest levels to take a position and for the Pope to pronounce on it."

He estimates that 120,000-150,000 CEBs are still operating in Brazil with an average 50-60 members. A recent study showed these are responsible for 80 per cent of Sunday services.

Moreover, the agenda of the church in Brazil is very much that of liberation theology with its focus on social issues such as land reform, defence of Indians and human rights. Boff believes that most of the 360 Brazilian bishops lean towards liberation theology, although senior positions are still held by a core of conservative bishops.

Boff says he wants to spend his time reading everything from world affairs to quantum mechanics, but his first act on leaving the Church has been to publish *Latin America: From Conquest to New Evangelism*. The book sold 5,000 copies in the first week and accuses the church of ethnocentrism, "claiming a monopoly on truth and salvation".

He writes: "The church was part of an immense colonial project – its role like a fox trying to spread the word to the chickens."

For all his rhetoric, Boff undoubtedly revels in his notoriety and many believe that his real motive for leaving the Church was to be free himself to marry his secretary Marcia. It is a matter on which he refuses to comment.

As They Say in Europe

The fairy-tale summit

James Morgan explains why the best journalists believe what they are told

SPENDING a good part of the second week of Advent cooped up with 3,000 colleagues in a sports complex attached to the Meadowbank Thistle football club is not my idea of fun. But that is where the Edinburgh EC summit took us.

One becomes envious of people who are doing something else. It was only on the way home that my mood of self-pity was lifted by an account in a Sunday colour magazine of a day in the life of young woman who made her living buying and selling handbags from a shop in London. She "loved cars," read the *Daily Mail* and washed her hair every day. There is always someone worse off than yourself.

That brief moment of relief was hardly compensation for an event in which the media entered into an unholy alliance with the politicians to turn the predictabilities of Edinburgh into a cliffhanger. "The 12 seek a compromise to avoid a major crisis," said *Le Monde*. But, of course, it all came right in the end, partly because the British were in their element during that weekend.

Organising royal bust-ups, marriages and right royal rows comes naturally to the island race. The production of a fairy-tale result is what matters, and it always happens when the British are in charge: John Major told an interviewer from the Edinburgh *Evening News* that the conference in London last August on the crisis in the former Yugoslavia had been "hugely successful."

So, on Monday the papers could breathe a collective sigh of relief. The Berlin *Tagesspiegel* wrote: "The 12 state and government heads achieved more than could have been hoped."

The main quality needed by a successful journalist is not cynicism, but total credulity. You have to believe that there is a crisis atmosphere to generate an atmosphere of crisis. You need an atmosphere of crisis to sell newspapers. And a crisis is what politicians love to overcome. Imagine if the headlines of last week had said: "Major plans facile compromises to bluff Danish at Edinburgh."

So it was that many of the less committed squatting at Meadowbank got their priorities right. The Americans and the Japanese had their eyes on the royal re-match up the road at Balmoral. Stories, and conversations, became mixed up in all sorts of ways. The caterer, Pru Leith, did the food for the summit; the port of Leith was where the royal yacht *Britannia* docked so the Euro-leaders could dine with the temporarily united royal family. (The princess of Wales was placed next to the Spanish foreign minister, which was seen as a kind of punishment for the wayward lass).

At least one paper tried to ram the stories together. *France-Soir* wrote: "The household rows provoked by the Maastricht marriage contract have been carefully suppressed by a juridical poultice of the same abstruse character as that of the treaty. It will all be better than a divorce and we shall applaud the papering over of cracks so long as it is not played out as a new honeymoon." (Do not make the mistake of believing it sounds better in the original!)

The notion of Scotland as a different country struck the representatives of the international media forcibly. For many, it was their first visit to Edinburgh, and it knocked them out. (The natives also put on their traditional show of nationalism and resentment, which gave a lot of innocent pleasure.)

Then there was that sense of isolation in which the Scots specialise. British (or Scottish) Telecom ensured that although we could all make telephone calls out, we could not receive any. As a result, BT received the lion's share of the gigantic revenue always derived from such events.

But what of the meat of the meeting? In the end, much depended on whether the charmingly named "cohesion" countries (all those even poorer than Britain) would settle for a $19bn handout or whether they wanted more in the form of "structural investment." They settled in the end, partly because they did well for themselves at Edinburgh

I glanced at the *Diario de Noticias* of Lisbon to see what would happen to this sudden influx of other people's cash. The Portuguese prime minister, Anibal Cavaco Silva, produced a well-judged ambiguity. He said he would be "very demanding as to the use of Community funds." Future summits may indeed pay a good deal attention to what happens to "cohesion money." It might even enable those who report such occasions to avoid having to concoct artificial crises to generate interest and excitement.

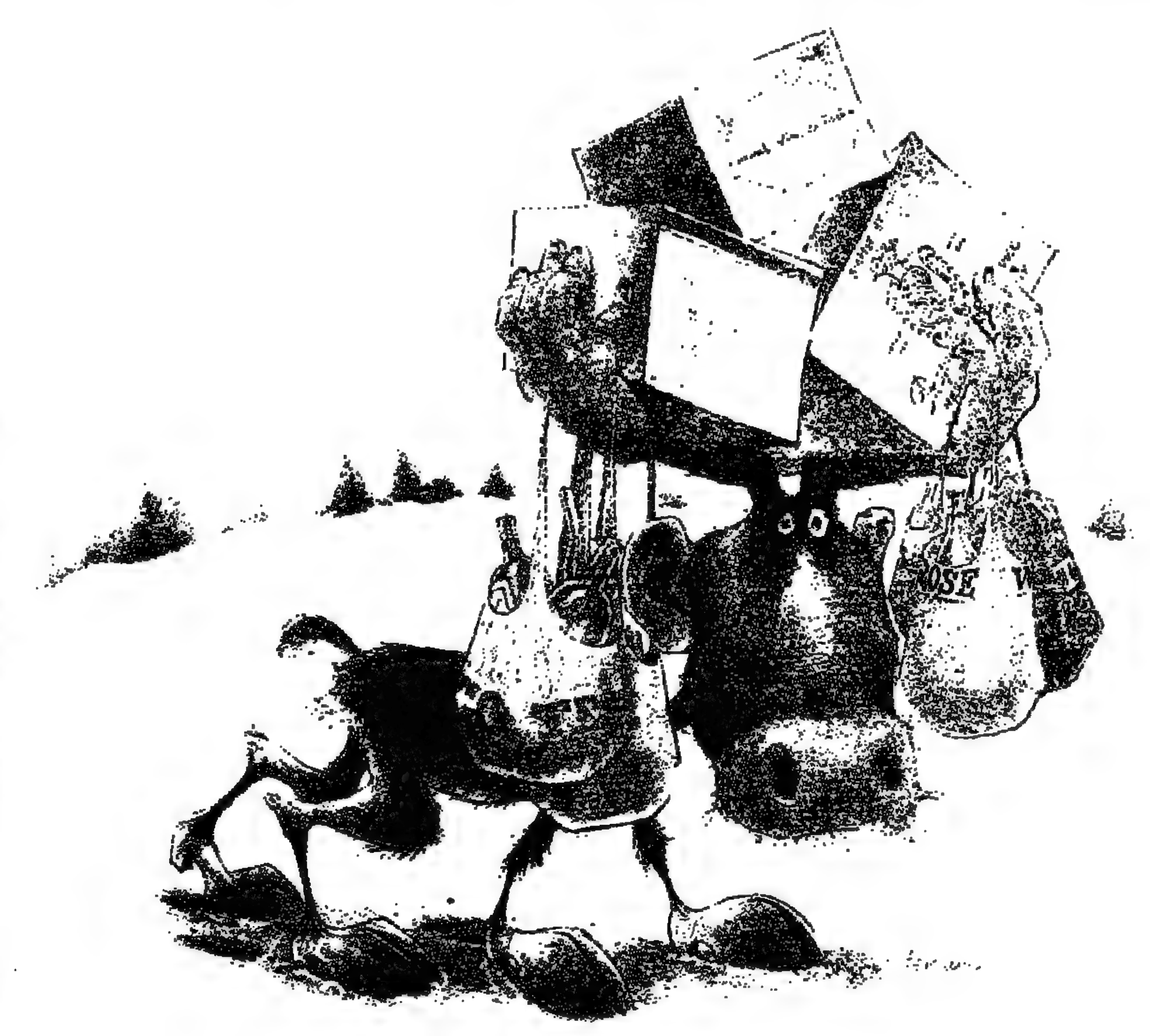
■

The headline of the week echoed last week's story in this column about the Swiss and Europe. The *Journal de Genève* led its front page with: "Liechtenstein isolates Switzerland even more."

■ *James Morgan is diplomatic correspondent of the BBC World Service.*

Bargain bottles in serious quantity

***Jancis Robinson** completes her round-up of the best buys from the off-licence chains and the big supermarkets*



THIS WEEK, we enter the competitive, knife-sharpened world of the major supermarkets, together with the two biggest off-licence chains, both brewery-owned. There is an unfortunate gulf between the wines that sell in quantity (well below £4 a bottle) and the window-dressing wines the supermarkets tend to show off to us wine writers, typically the second wine of a smart Bordeaux château available in just two branches at a price remarkably similar to that offered by the independents. (Supermarkets' best bargains are lines that can be bought in serious quantity). Here is my pick of what they all offer, but some of the more expensive bottles are only at bigger stores. The stars denote my own rating.

Safeway***

Safeway does try terribly hard, embracing all manner of worthy if awkward causes such as organic wines and English wines (good examples available in their regions of origin). What I like is the stamp of individuality that is apparent throughout the range. I included three of the wines below *before* learning their prices had been slashed for Christmas.

Hungarian Country White 1991, £1.99. Wonderfully Hungarian with real fire. Poor man's Gewurztraminer.

I Frari Bianco di Custoza 1991, £3.75. Comes in one of those super-smart Italian bottles that look as though it alone is worth a fiver. Nice, powerful, versatile dry white.

Australian Chardonnay 1992, £3.49. Everyone's got 'em. This one (from Griffith, the marijuana capital of NSW) has better acid than many.

Domaine de Rivoyre Chardonnay 1991, H Ryman, £4.99. Languedoc fruit internationalised beguilingly by Australian-trained winemaker. Elegant.

Yarden Chardonnay 1991, £7.29. Very sophisticated wine – barrel-fermentation, malolactic fermentation, all the tricks – from the Golan Heights. Much the best-value wine made in Israel and, quite incidentally, kosher.

Safeway Australian Red, £2.65 a 75cl cardboard brick. Relatively fresh and exciting – and in a light, non-smashable pack.

Villany Kekoporto 1991, £2.79. Excitingly lively, characterful Hungarian red from the same winemaker as Reserve Cask F12.

Romanian Cabernet Sauvignon 1985, £2.69. Absurd price for a seven-year-old, oak-aged classic, exclusive to Safeway.

Domaine de Soulie 1991, St Chinian, £3.95. Vigorous, chewy, organic Midi red.

Reserve Cask F12, Villany Cabernet Sauvignon 1991, £3.99. Exceptionally fruity, exuberant Hungarian red that will improve.

Don Maximiano Cabernet Sauvignon 1988, £6.39. Full-blooded Chilean red.

Lustau Old Dry Oloroso, £3.29 a half. Lovely light, greenish tawny, it's so old. Silly price. Sad.

Sainsbury *

I have tried particularly hard to pick out the stars from a somewhat lacklustre wine collection because Sainsbury trolleys are still Britain's favourite. The new South African wine range is labelled prettily.

Hungarian Pinot Blanc, £2.59. Good price for soft, off dry, curranty fruit.

Chardonnay Vin de Pays d'Oc 1991, £4.99. A Hugh Ryman Aussified wine, remarkably similar to Safeway's Rivoyre.

Beaujolais-Villages 1991 Les Roches Grillées, £3.79. Correct, appetising and discounted specially for Christmas. Best served slightly cool, with cold turkey.

Ch Tourteau-Chollet 1988, £4.99. Good, gutsy red Graves. Ready to drink claret.

Moscatel de Valencia, £2.99. Probably the best buy of all – a tooth rotter but a well-balanced, silver-medal-winning sweet white with a useful stopper cork. Serve icy at the end of Christmas dinner and shake your spinning head at how cheap it is.

Clos St Georges 1990 Graves Superieures, £8.96. Almost a Barsac, a particularly good vintage of an old favourite.

Clos l'Abeilley 1990 Sauternes, £7.95 a half. Worth it. Fine, classy, as great sweet wine ought to be. Second wine of classed growth Ch Rayne-Vigneau.

Sherries, especially the 35-year-old **Aged Amontillado** at £3.49 a half (ridiculous price); the slightly richer **Palo Cortado**; and, in bigger branches, the stunningly pale and lovely **Lustau Almacenista Oloroso at £6.79 a half**, putting all the rest, bargains as they are, in the shade.

Tesco**

Putting significant pressure on Sainsbury's, and several steps ahead of the crowd in South Africa. Its interesting International Winemaker range, the product of one man and his air miles, shows too little distinction between the continents so far but should be worth watching.

Mendoza Blanc 1992, £2.99. Probably best value of the International Winemaker range, although Blanc seems an odd word for a clean, aromatic white made in Argentina.

Tesco Australian White, £2.99 Amazing value. Poor old Riesling disguised in a white burgundy bottle and, admittedly, taking on a few Oz Semillon characteristics. Dry, definitely Australian, white.

Robertson Chardonnay 1992, £3.99. Good value, well balanced from Danie de Wet, the Cape's Chardonnay king.

Santa Rita Casablanca Chardonnay 1991, £6.99 (top 18 stores only). The most subtle, burgundian Chilean Chardonnay I have tasted, from the new, cool, coastal region that is the Carneros of Chile.

Jackson Estate Sauvignon Blanc 1992, £6.99 (top 49 stores). Grapefruit, gooseberry flavours. See Thresher, too.

Chalk Hill Chardonnay 1990, £9.99. This quite happily withstood comparison with a premier cru Chassagne-Montrachet from a reliable source. Top stores only.

International Winemaker Malbec, £2.99. Deep purple pastiche of young claret, from Argentina.

Australian Sparkling, £4.49. Quite light and frothy but very easy and good value, from Seppelt.

Tesco Finest Amontillado, £4.89. You will want to decant this, partly to distance the wine from its down-market packaging, partly to exhibit its beautifully subtle, pale tawny colour, the green tints betraying its age. Light, off-dry and, thanks to its acidity, very refreshing.

Thresher Wine Shop/Wine Rack/ Bottoms Up***

Am I the only pedant annoyed by their television advertisement confusion of palate with palette? Probably. No matter, as Britain's biggest (and, thanks to chancellor Norman Lamont, most famous) agglomeration of off-licences cares genuinely about the wine itself (and still cannot quite believe how much bigger than old rival Oddbins it is).

Prices are edging up, presumably much to the relief of smaller operators. The moody new Bottoms Up list is a triumph. The best Thresher branches are emblazoned Wine Shop, but Wine Rack and Bottoms Up (WR/BU) carry the widest range.

Eden Ridge Dry White 1992, £3.99 (WR/BU). Adam Wynn's cheap, organic, lively off-dry crackling bargain made mainly from a shockingly unfashionable grape variety (Riesling).

Jackson Estate Sauvignon Blanc 1991, £6.95. Thoroughly serious Marlborough (NZ) Sauvignon; fine alternative to Cloudy Bay.

Slovakian Pinot Noir 1990, £3.29. Good colour, leafy aroma. No problem distinguishing this from a Corton but jolly good value.

Penfolds Bin 2 1991, £3.99. See Waitrose.

Ch Clement Termes 1990 Gaillac, £4.59 Smooth, suave, juicy fruit and not a jot of tannin. Drink now.

Ch Guibon 1990 Bordeaux, £4.39. A good, leafy claret from André Lurton.

Bourgogne 1990 Domaine de l'Arlot, £7.99 (WR/BU). Just the sort of wine we all want: proper domaine-bottled red burgundy from a great vintage and vines too young to qualify for their normal appellation, Nuits-St-Georges. Fresh fruit and no doubt about the oak.

Mountadam Pinot Noir 1990, £5.99 a half (WR/BU). Flattering sweet mouthful of Australian fruit to be drunk soon.

Saintsbury Pinot Noir 1990, £11.49. Fine, juicy stuff from one of California's best Pinot producers.

Ch Les Hébras Monbazillac 1990, £5.49 a half. Still looking gorgeous, although demanding cellar space for a few years more vociferously than it was last Christmas. I am going back for another two cases.

Dow's 10-year-old Tawny, £6.99 a half. Textbook stuff to be drunk with cheese or even Christmas pudding.

Victoria Wine*

Some very good prices at the bottom end, but only until January 4 – and only the top Wine Shops will have all of those listed below. A comparison of VW's list with those of Whitbread's Thresher group (above) is instructive. Won't Allied-Lyons throw a bit more money Victoria's way?

Willow Court 1991, £2.99. Lively, clean white from Gloucestershire. Good aperitif or with smoked salmon.

Randall Bridge Dry White £2.99. It was probably much easier to find a good wine at this price from Australia than from England. Another clever attempt to make Riesling taste like Semillon (see Tesco). A bargain.

Leziria, £1.99. Juicy Portuguese answer to Beaujolais that would make a great house red.

Vin de Pays de l'Uzège, £2.99 a litre. A soft house red for francophiles. To be drunk sooner rather than later, this VW exclusiveness sports a much-improved label.

Cismeira 1990 Douro, £2.99. Quite different from the other Portuguese red above. Savoury, solid, yet lively red from port country.

Yalumba Show Reserve Liqueur Muscat, £6.89 half. A great Australian speciality, rich and raisiny.

Taylors' First Estate, £8.99 a litre. Special offer in Wine Shops on Taylors' delightfully unapologetic concentrated young ruby port. Lovely stuff.

Continued on next page

FOOD AND DRINK

Laphroaig's distillery on Islay: until recently, it was a remote place with a wild, Gaelic-speaking population

The essence of Islay malt whiskies

It takes more than new technology to distil good Scotch, as ***Giles MacDonogh*** *always knew . . .*

IAN HENDERSON, who manages both the Laphroaig and Ardbeg distilleries on the whisky island of Islay, off the Scottish coast, tells a charming story about a group of Japanese technicians who visited there.

"They were very bright lads," says Henderson. "They had put their doctorates well behind them and had come to learn about whisky distilling first-hand." Every day for two weeks, they tailed Henderson, his stillmen and warehousemen, observing the process from start to finish.

First, they saw the steeping of the barley to transform it into malt. They watched the malt drying in the peat kilns and the preparation of the porridge-like "mash"; the sweet "wort" being turned into a strong beer called "wash"; the wash distilled once to make the "low wines" and then a second time to make the clear spirit that was young whisky. Finally, they went out into the warehouses where the spirit was run off into old bourbon hogsheads or the occasional sherry butt.

The Japanese fed everything into their computers. After two weeks, a worried member of the party requested a meeting with Henderson. They were sorry to have to say this, they told him, but they were now absolutely certain that something was being hidden from them: "Please, when is it that you add 'the essence'?"

I sympathise. The basic process of making whisky is not hard to understand. For centuries, the roughest Irish peasant has known how to do it on an exposed outcrop with a few potatoes and a kettle.

Great whisky, however, is a little more complicated. Much depends on the shape of the stills, and few distillers can offer an adequate explanation of why the distillery decided on a squat, onion-shaped still, or some more elegant form with a thin, tapering stem. The one, they tell us, will make a heavy, even coarse, whisky; the other a light, refined spirit.

Until comparatively recently, Islay was a remote place with a wild, Gaelic-speaking population who responded only (and even then only occasionally) to the authority of the exciseman.

Jim McEwen, who manages the Bowmore distillery in Islay's "capital," remembers the days when the distillery played host to all sorts of strays from the hills.

"They would take their cups and drop them into the 'deoch' [the strong beer or wash which *is called 'Jo' in Speyside*], then settle down by one of the many coal or peat fires which burned in the distillery and sing Gaelic songs. When the exciseman returned from his tea, he would chase them away," McEwen said.

As a child, he and his classmates would steal lumps of coal from the distillery and carry them back to his parents' house. At 15, he started work in the cooperage. One of his jobs was to prepare the "drams" for the thirsty workers. Thinking they would appreciate something special, he dipped into a sherry butt to find a particularly sweet, old whisky. But the workers turned up their noses at the stuff. For them, the only drink was "white" whisky, straight from the still at a fiendish 65°.

With eight surviving large distillery buildings dating from the 19th century (a ninth, Port Charlotte, was closed in the 1930s and the buildings subsequently demolished or turned over to other uses), Islay whiskies clearly were valued in the last century.

Until fairly late in the 19th century, Islay was something of a tax haven for distillers by virtue of its remoteness. *Another possible factor in its* rise was its proximity to Ireland (it is just 18 miles to Antrim).

Irish whiskey was rather more famous than Scotch a century ago and it is feasible that Islay malts were passed off as Irish ones. Islay must have come into its own, however, with the beginning of whisky blends at the end of the last century.

Blenders appreciated Islay spirits for their "peat reek." The peat bogs of the island always have been a cheap source of fuel, and malt kilned over peat will develop a heavy, smoky character which will contribute a distinct taste to the whisky. Both Bowmore and Laphroaig kiln about 20 per cent of their malt. The rest, along with all the peated malt *for the other distilleries*, comes from the maltings at Port Ellen at the south end of the Island.

A little peat goes a long way when it is expressed in parts per million: a great bruiser of an Islay malt such as Ardbeg will specify 50 parts per million. Its stablemate, Laphroaig, requires 35, at which level the peatiness will still be there but some of the delicacy of the spirit will come through. Bowmore treads the middle way with 25-30 in the pursuit of elegance. As for Bunnahabhain and Bruichladdich, their speci*fications* are 1-2 parts per million for the former and none for the latter.

At the maltings, they assured me that Bruichladdich would still have some peat character, just from the peat smoke travelling round the maltings. That not withstanding, at these levels both Bunnahabhain and *Bruichladdich* could be described as Speyside in style.

That leaves three. Port Ellen *closed* its doors in 1983 - although bottles of its exceptionally fine malt are still available from specialists. Both the remaining United Distillers' plants, Lagavulin and Caol Ila, used to ask for 45 parts per million. Three months ago, however, the instruction reached Port *Ellen to reduce* the peating of the malt to 35, the same level as Allied Distillers' Laphroaig. I was told this *at the maltings*.

Elsewhere on the island, I found few people were aware of United's decision to alter radically the style of its whiskies. Many thought I had been given privileged information. At Laphroaig, Ian Henderson had been told of the move but was reluctant to offer an explanation.

> *'In value terms one of the best on the market is Lagavulin'*

Whereas Caol Ila is used chiefly for blending – a good deal goes into Johnnie Walker – Lagavulin is marketed widely as an exquisite 16-year-old. For the next 16 years, nothing will affect the taste, but what then? Lagavulin is also the mainstay of the White Horse blend. Was the decision to tone down Lagavulin taken with White Horse in mind?

In terms of value for money, the Lagavulin 16-year-old is one of the best old malts on the market, with Threshers selling it at £22.99 a bottle. *Laphroaig's delicately fruity* 15-year-old is more than £10 more. Neither the rather angular Caol Ila nor the massive, robust Ardbeg is distributed widely, which – in the case of the latter, at least – is a pity.

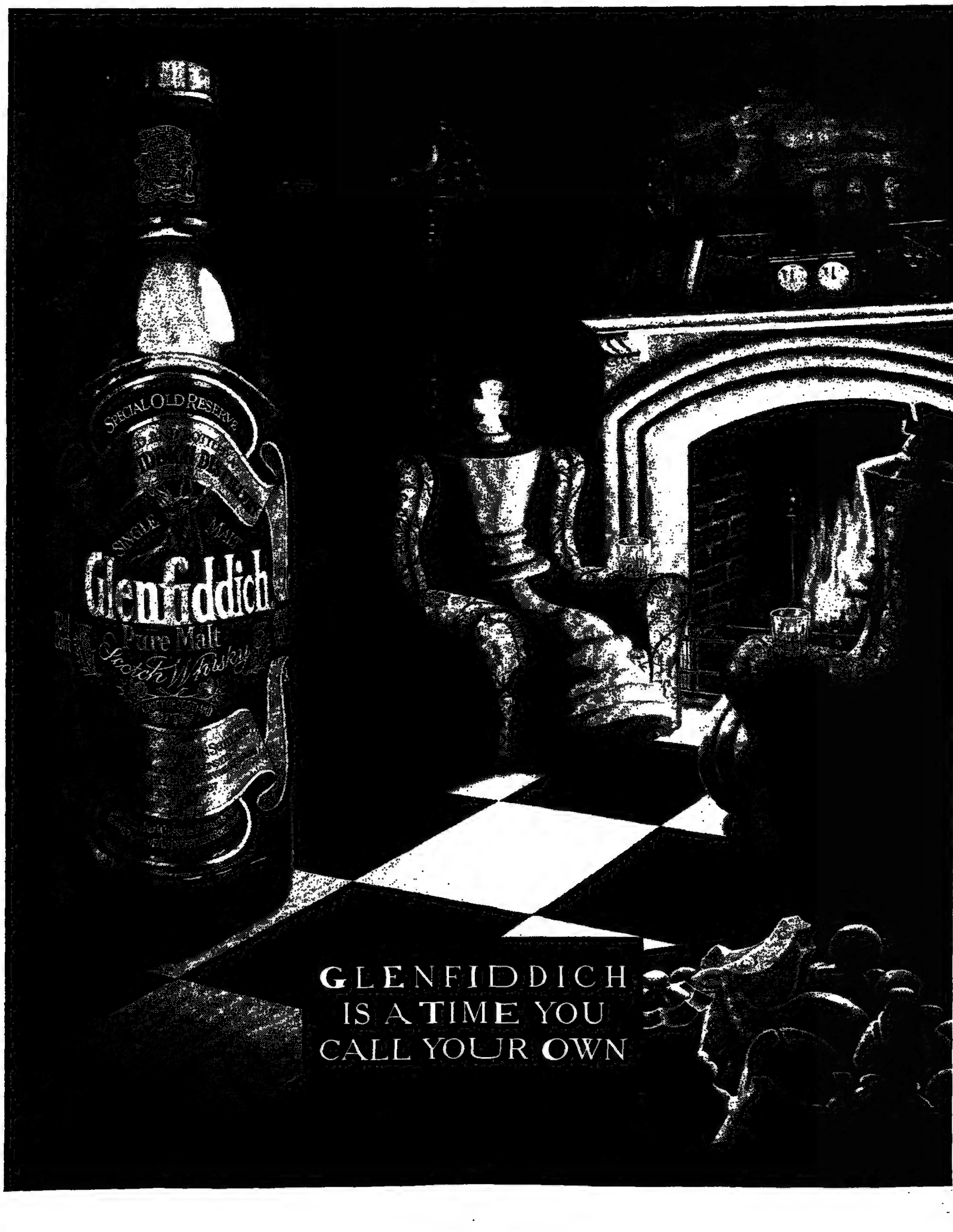
Now that United has begun to change the peat levels on its whisky, Ardbeg assumes an even greater importance as the most uncompromising of the Islay malts.

It should never be forgotten, however, that peat is just half the story when it comes to present-day Islay malts. Like Bunnahabhain, Bowmore uses an appreciable amount of sherry wood on its old whiskies, imbuing them with sweet fruitiness which covers the peatiness of the raw spirit.

The 17-year-old is balanced superbly but the 12-year-old (*£21.29 from Peatlings, tel:* 0284-755-948), with its notes of candied peel, is not to be sneezed at, either. Bunnahabhain's warhorse *is the 12-year*-old (Oddbins £19.99).

The big stills here run off a spirit at a higher strength, making the whisky more delicate with a sweet honey and heather character.

Tasted "blind," few would recognise Bruichladdich as an Islay malt. The 15-year-old (£26.50 from Lea & Sandeman, tel: 071-376-4767) is the favourite of the distillery manager, Ian Allen. I agree with him. The sea there is everywhere, rusting the hoops of the casks before they are two years old. The sea is yet another inscrutable part of Islay's essence.



Bargain bottles

Continued from previous page

Waitrose ***

Some interesting new lines here, such as a Vin de Pays d'Oc matured on its lees to taste like Muscadet; an unusual Vin de Pays from the Côte d'Or, made from the white Auxerrois grape, at £4.45; and a low alcohol sparkling wine from Alsace, called Paul Trudel Alsace, at £1.99.

Robertson Sauvignon Blanc 1992, £2.99. Thoroughly commercial (ie, by no means bone dry) but perceptibly Sauvignon.

Domaine de Lalande Merlot Rosé 1991, £2.99. This versatile dry pink from Cabardès is sufficiently refreshing and versatile to become anyone's house wine over Christmas.

Currawong Creek Chardonnay 1991, £3.99. Exclusive and rather smart bottling from *Rothbury, a blend of New* South Wales' unashamedly distinctive fruit.

Cabernet 1990 Haut Poitou, £3.99. A real stride forward for the Haut Poitou co-op. Ambitiously oaked and much cheaper than many of the Loire reds it matches.

Penfolds Bin 2 1991, £3.99. Why, oh why, *they do not bill* this as trendy Syrah/Mourvèdre, rather than Shiraz/Mataro, I do not know, but it offers an absurd amount of savoury interest for the money. Not too heavy.

Waitrose Special Reserve Claret 1989, £4.65. Much the best of Waitrose's clarets in this price range and cleverly chosen from Fronsac, wines from which are getting plumper and juicier with every vintage. Drink or keep a year.

Waitrose Solera Jerezana Rich Cream, £4.99. The awful truth is that this would probably sell much better in a snazzy package that distanced it from the appellation sherry. Quite extraordinary maturity and subtlety, with a neat dry finish after a sumptuously rich palate.

This is the perfect end to Christmas dinner. Another absurdly under-priced sherry.

هكذا من الأصل

BOOKS

Silver screen success

THESE TWO books, both about rags-to-riches film careers, carry on a dialogue with each other even in their titles. "What price glory in the movies?" they ask, though in only one of the books does the subject himself raise the question.

There are different approaches to deprecating success. While Michael Caine goes for the I'm-still-a-fish-porter's-son and-never-mind-the-Ferrari approach, Capra's chronicler Joseph McBride sees the director of *It Happened One Night*, *Lost Horizon* and *It's A Wonderful Life* as a man who carried a ten-ton chip on his shoulder. Caine glories in his background; Capra spent 60 years trying to hide it.

Indeed the Sicilian-born film-maker is famous for writing the most untrustworthy autobiography in Hollywood history, *The Name Above The Title*. Much of McBride's perceptive, well-researched book is devoted to replacing Capra's self-mythologising factoids with the real, unpleasanter truth. He was clearly a racist. He was clearly a social climber who despised his own family. (Read the opening chapter of his disastrous visit home to Sicily in 1977.) And beneath the populist filibustering of films like *Mr Deeds Goes To Town* and *Mr Smith Goes To Washington* lurks an intolerant snob who in real life used shows of emotion mainly to manipulate the emotions of others.

In his very first job, newsboy Capra made sure he sold his pile each day by arranging fake fights with his brother and then bursting into tears, complaining to passers-by that he was being beaten up for not selling all his newspapers. "Right then and there he got rid of them all," recalls that brother.

Later, Capra turned his talent for plangency to profitable use as the great sentimentalist of New Deal cinema. He was the inventor of "Capracorn": the man who with screenwriter Robert Riskin created the hayseed hero who could conquer bureaucracy and corruption. Incarnated on screen by Jimmy Stewart, he would later be emulated in real life by Jimmy Carter.

If success became the catastrophe of McBride's title, it was because Capra himself failed all the tests his heroes passed. Carrying resentment of his birth and background through every phase of life, he horded magnanimity like a miser.

FRANK CAPRA: THE CATASTROPHE OF SUCCESS
by Joseph McBride
Faber £25, 734 pages

WHAT'S IT ALL ABOUT?
by Michael Caine
Century £16.99, 475 pages

Mean of praise to his collaborators (especially Riskin), he was also mean of courage when the McCarthy era came. Though the witch-hunting Senator from Wisconsin would seem a real-life ringer for one of Capra's own movie villains – those who used the letter of the law to beat the spirit of the poor – Capra self-protectively became McCarthy's propagandist.

For the Capra fan, the anguishes mount up. He was a bad husband, a so-so father, a fair-weather friend. (Riskin's widow never forgave him for not visiting the ailing screenwriter on his deathbed). Can we still see those starry-eyed comedies with the innocent delight we did before? Or should we just grit our teeth and minds, insisting that the song is what counts not the singer.

Michael Caine has all the charm that Capra appeared to lack. But then he has to: he goes in *front* of the camera. *What's It All About?* is a 470 pages of anecdotal extemporising, some of which we have heard before on chat shows and "Evenings with Michael Caine". But the book helps to define why we like this actor on screen. We sense a busy, funny, retentive mind behind that runic face with the hooded eyes.

Solely excepting Sean Connery, who was Bonded into stardom by a world-beating spy saga, Caine has proved the most durable and exportable British film star since the 1960s. He has the star's perfect equipment. He is always the same, but that "same" is elusive and absorbent enough to attract different roles. He has been a drawling British officer (*Zulu*), a poker-faced cockney spy (*The Ipcress File*), a cross-dressing homicidal psychiatrist (*Dressed To Kill*), a con man in multiple disguise (*Sleuth*) and a hapless mid-life adulterer (*Hannah And Her Sisters*).

After reading *What's It All About* you begin to know the secret to this changeless versatility. Caine lies back and lets back life happen; then he gets up and gleefully annotates the text.

Do not be fooled by the comatose look. Those halfmast eyelids are due to an incurable disease called Blefora. Not a lot of people know this, but we take Caine's word for it: as for the funny story of Cliff Robertson's Filippino-carved Oscar (p.264), of Shelley Winters and her nose-impaling corset (p.184), of Caine going to bed with Mia Farrow while Woody Allen and Andre Previn looked on (p.431), of Caine trying to cheer up Mrs Thatcher after her fall (p.467) and of Caine falling in love with his future wife on the strength of a TV coffee commercial (p.286). Just stories, perhaps. But with Caine, unlike Capra, we like the teller as much as the tales.

Nigel Andrews

Darker side of Poe

EDGAR POE grew up expecting to be rich. His parents, travelling actors in post-Independence United States, died when he was a boy. Poe was informally adopted by a Virginia merchant who hoped to shape him into an heir who would be suitable, in due time, to take over the business and the slaves. Allan's name was inserted into his own as a sign that he had a new father.

Poe was given the liberal education of a Southern gentleman, but no money. When he tried to eke out his income at the University of Virginia by speculative gambling, he was forced to leave. He then enlisted as a soldier and became a serjeant. Allan rescued him back to gentility, arranging for him to go to the officer school at West Point, with the prospect of a secure, financially independent and honourable career. But, with the dour persistence of his Scottish ancestors, Allan again demanded love and gratitude but paid Poe a hopelessly inadequate allowance. As the problems mounted, he refused to settle his son's debts, closed his ears to anguished appeals, and stood self-righteously by when he went to jail.

In 1831 Poe took matters into his own hands. He deliberately refused military orders every day for a month, was court-martialled, declined to offer a an explanation, and was dismissed from the service. He had at last broken free, but the disgrace cut him off from his family and his prospects. He was an orphan again.

For the rest of his life Poe earned an uncertain income as magazine editor and short story writer, seldom out of difficulty and sometimes crushed by worry. He swung between care and recklessness, abstinence and binge. When he was 27 he married Virginia Clemms, then aged 14, who declared in the oath that she was 21. They had been living together for some months. The early signs of her tuberculosis were already visible, the

EDGAR ALLAN POE, HIS LIFE AND LEGACY
by Jeffrey Meyers
John Murray £25.00, 348 pages

coughing of blood followed, and she died a few years later.

Poe – in what was to become a tradition among American men of genius – drank himself to death when he was 40. When asked what things harmed a writer, he is said to have replied "Politics, women, drink, money, ambition. And the lack of politics, women, drink, money, and ambition."

Externally Poe's life was as romantic and as doomed as that of any invented Byronic hero. But it was not enough. Poe pretended to have set off to fight in the Greek War of Independence and to have visited St Petersburg. Other incidents merge fact and fantasy. Some of the erudite, exotic, wonderfully evocative, quotations from Italian authors with which he prefaced his tales turn out to have been his own composition.

In his excellent new biography, *Edgar Allan Poe, His Life and Legacy*, Jeffrey Meyers reconstructs the life with unobtrusive skill, demonstrating but not exaggerating the extent to which Poe adapted his own experience in his poems and stories. In a final section he traces the development of Poe's reputation. The book is well researched, judicious, fluent, scholarly and readable.

Poe is one of the fathers of the modern detective story. The conventions of the tradition from Sherlock Holmes to Inspector Morse are already present – the admiring matter-of-fact narrator, the misleading clues, the bumbling official force, the sharp easily forgiving detective who prefers justice to the law – although not all in the same story.

But in the tales of the imagination Poe created something far more mysterious, a world of enchantment, terror, desire, and impending disaster. Long before Freud wrote about the unconscious, Edgar Allan Poe had ventured into the dark cellars and vaults of the mind. Poe is sad, strange, and unique, and in Meyers he has found a worthy biographer.

William St Clair

"The Girls at Balbec" – one of Philippe Julian's illustrations of 1957 to "Within a Budding Grove" in the C.K. Scott Moncrieff English version of Proust, now revised by Kilmartin and Enright

Back to the classics both ancient and modern

"WHENEVER someone publishes a new book" said the poet Samuel Rogers, "I read an old one".

IN THESE busy days when there is far too much of every kind to read, it is a comforting principle by which to live. If you adopt it you find, for example, that Proust knocks most contemporary novelists into a cocked hat. Yet it is only recently – 1989 – that French scholars have established a truly definitive text of *A La Recherche du Temps Perdu*.

Remembrance of Things Past was how it was always known in English in the translation by Scott Moncrieff. That translation was somewhat prosy and not strictly accurate. The late Terence Kilmartin, for many years literary editor of *The Observer*, did a fine job tidying it up and publishing a revised version under the old title in 1981. Now D.J. Enright has gone through the novel again in Kilmartin's version checking it against the latest textual scholarship and he has given us *In Search of Lost Time* – not a new English version but rather a revision of a revision in six attractive volumes from Chatto & Windus at £15.00 each. (A completely new version starting from scratch is on the way from the American translator Richard Howard).

Proust died before he had finished tinkering with the last volume, *Time Regained* and it still contains one or two inconsistencies. It is bound together here with the useful *A Guide to Proust*, compiled by Kilmartin and has wife Joanna; this is not merely a Who's Who of all the characters, but also provides a gazetteer of the places and an elucidation of the real people mentioned.

The present is an opportune time for anyone aiming to build up their own collection of the main authors of modernism. Bloomsbury's new Classics series might be the place to start. This is a sturdy, square-cut pocket-sized hardback series at £9.95 a volume. Judicious selections have been made from the poetry of Emily Dickinson, Thomas Hardy, Gerard Manley Hopkins, D.H. Lawrence and W.B. Yeats. The latter's poetry has been selected by Ian Hamilton, who has clearly had a hard task knowing what to leave out. A companion series of modern fiction contains Jean Rhys's *Wide Sargasso Sea*, Julian Barnes's *Flaubert's Parrot* and titles by Michael Ondaatje, Jeanette Wintersen, Paul Bailey, Margaret Atwood, John Irving.

We are also seeing the splendid renaissance in a completely new and most ravishing format – 100 years after the first volumes appeared – of that pioneering series of essential reading, Everyman's Library. A wide range of new editions from Shakespeare to Chinua Achebe's *Things Fall Apart* (£7.99) have appeared.

It is impressive to see, for instance, the whole of Ford Madox Ford's trilogy, *Parade's End*, in one volume at £10.99 with an introduction by Malcolm Bradbury. In the same Everyman format, Yeats's poetry is reissued in its entirety in one volume, re-printing all the individual collections in chronological order. It occupies some 868 pages, with introduction and notes by Daniel Albright of the University of Rochester, NY. It is excellent value at £10.99, but, unlike Hamilton's volume on Yeats, you would have difficulty slipping it into your pocket.

Anyone wishing to observe how Yeats's poetry and the work of his modernist contemporaries – Pound, Eliot, Virginia Woolf – was originally greeted in the staid columns of *The Times Literary Supplement*, may do so in the first of the new TLS Companion series from Harper Collins, *The Modern Movement*, edited by John Gross (£8.99). This not only prints the major reviews in full, but also lets you into the secret of who wrote them. The companion volume on *Communism* is edited by the current editor of the *TLS*, Ferdinand Mount.

Martin Green's *Children of the Sun*, now in paperback from Pimlico at £10.00, is a fascinating long view of "decadence" in English literature after 1918 with special reference to Evelyn Waugh, Harold Acton, Brian Howard and others of that generation. And to make an end – back to Ireland with all the autobiographical writings of Sean O'Casey in two volumes, *Autobiographies I* and *II*, in Macmillan's Papermac series at £12.99 each. The great Irish playwright was also a robust writer of memoirs.

Anthony Curtis

Press baron of honour

***Raymond Snoddy** on the rise of the Berry brothers of Merthyr Tydfil*

THE NAMES Beaverbrook and Rothermere will live for ever, if only because their daft ideas and political scheming provoked Stanley Baldwin into the immortal piece of invective against the press lords: "power without responsibility, the prerogative of the harlot throughout the ages".

Much less is known today about their contemporary, Lord Camrose, perhaps because villains are so much more agreeable to write about

WILLIAM CAMROSE, GIANT OF FLEET STREET
by his son, Lord Hartwell
Weidenfeld & Nicolson £17.99, 362 pages

than a man who was wise and honourable and built sound businesses.

Yet a strong case can be made out that of the three, Camrose's achievements were the greatest. He not only saved two great newspapers from likely oblivion – the *Sunday Times* and the *Daily Telegraph* – but also gave a platform for Winston Churchill when Churchill found himself "without an office, without a seat, without a party and without an appendix". To Lord Camrose's accomplishments must also be added the ownership of the *Financial Times* for a significant period and the creation of the "Men and Matters" column, for some reason now called "Observer".

The biography of William Camrose by his son Lord Hartwell, former chairman of the *Daily Telegraph*, should serve to bring into focus for those not born at the time how one of the great newspaper empires was created in a single generation by the three Berry brothers from Merthyr Tydfil.

Of course there is a danger in sons writing about fathers that the account will either be too fulsome or too bitter. "It is a filial but not I think a sycophantic book" says Lord Hartwell, who adds that he hopes it will seem to be the sort of book an independent author would have written had he had access to all Hartwell's sources.

That is exactly what has been achieved.

For example, after Chamberlain told the House of Commons he had been happy to receive assurances from the German government of its desire for a peaceful solution to the Czechosolovakian dispute, Hartwell has this to say of Camrose: "the following day Chamberlain saw William and gave him the same 'sunny-Jim' story for which William, like the House of Commons, seems to have fallen".

The book will be of interest to many constituencies. It is fascinating as a personal story of adventure, coincidence and achievement. When he was 13, William was entered by his school in a competition to précis a lecture on pessimism. The judge, the editor of the *Merthyr Times*, said: "this boy should take up journalism". Many years later Camrose was in a position to appoint the précis judge, William Hadley, editor of the *Sunday Times*.

Then there is the world of advertising at the turn of the century, and William's first business venture – the launch of a trade publication, the *Advertising World*. William and his brother Gomer went after ads at £6 a page, wearing overcoat s with a special large inside pocket to keep the specimen copy of the magazine clean and flat – and make sure that it "doesn't give us away as canvassers when we go into an office".

His handwritten memoranda to his editors revealed a proprietor who cared about every word that appears in his papers – and was clearly a sub-editor of genius. "A house is not a mansion nowadays even when it belongs to the Marquis of Londonderry" he wrote. And rather more significantly, he attacked a leader that appeared to be like a Conservative Central Office statement: "What the leader does... is to say in the most unctuous way that we will agree with whatever the government may do", Camrose wrote pointedly.

The biography also has a great deal to say on the abdication crisis – and no less than *five* chapters on appeasement, plus several appendices.

William Camrose, aged 50 in 1929

And this, however, is the main problem. While the book begins at the beginning and ends properly with the death of William Camrose, in between it is not easy to read. Chronology is abandoned and there are many detailed descriptions of the politics and the politicians of the period without the book's hero managing to get much of a look in. But just when there seems to be a danger of the reader coming to the end without really knowing enough about the man, the final chapter reverts to the personal. When Camrose died, Harold Nicolson wrote in his diary of the flags at half-mast in Fleet Street, and added: "he was a staunch friend and wise counsellor. He showed that one could be a press lord and a gentleman".

There is one final point that has to be made. It is a point that the book does not state, but is nonetheless implicit: it is that there seems to be cycles of decline and renaissance in newspapers and, as William Berry and Conrad Black proved conclusively, it usually takes an outsider to end a cycle of decline.

Bait for anglers

Tom Fort gets hooked on fishing books

THAT remarkable man and fine angling writer, Arthur Ransome, described shaking hands with the man who had caught the record English carp thus: "he looked as if he had been in heaven and hell and had nothing more to hope from life". Never having met Chris Yates, I cannot testify as to the look in his eye. But I do know that he, too, held the English carp record. And, more to the point, he is about the best writer on fishing today – on a par with Ransome himself.

Yates has given us two classics, *Casting At The Sun* and *The Deepening Pool*, and if his latest book, *The Secret Carp* (Merlin Unwin £16.95), is not in quite the same class, it is still a furlong in front of anything else. It is a meditation on, and celebration of, the dark, tree-shaded pools where great carp bask and glide – and, occasionally, take the angler's bait. We share with the author the vigil by the water, broken at last by the vanishing of the float and the fish's tearing run. The prose is limpid, the humour understated, the effect magical.

From the same publishers comes Conrad Voss Bark's *History of the Fly Fishing* (Merlin Unwin £25), an entertaining canter through the evolution of the sport. The Chinese, we are told, used a kingfisher's feather to lure fish several thousand years BC. A wily lot, the Chinese, although it would be nice to know what they caught. The book is sprinkled with similar nuggets, and Voss Bark wears his learning lightly.

Sidney Vines has produced a large and handsome study, *The English Chalk Streams* (Batsford £19.99), which fulfills most expectations. He is as informative about the little jewels – like the Meon and the Frome – as on the Test and Kennet, and is commendably sane on contentious issues, such as stocking and overfishing. His assertion, though, that Skues, Halford and Sawyer were greater writers than Grey of Falloden, because they were more observant, strikes me as absurd.

Serious students of angling literature should be grateful to Justin Knowles of *The Fly Fisher's Classic Library* for continuing to exhume the gems of bygone ages. Among this year's delights have been Chaytor's *Letters To A Salmon Fisher's Sons*, Plunket Greene's *Where The Bright Waters Meet*, Grey's *Fly Fishing*, and Bainbridge's *Fly Fisher's Guide*. They cost between £31 and £39 each, and are available from the *Fly Fisher's Classic Library*, Bovey Tracey, Newton Abbot, Devon.

The Big Fish (Robinson £14.95) is a highly entertaining collection of monster stories edited by Arthur Oglesby and Lucy Money Coutts. Some are familiar, but many are not, and all will give pleasure. I particularly enjoyed Jim Corbett's tales of mahseer fishing in India and Byron Roger's improbable and ludicrous account of the capture of a colossal sturgeon in Wales.

Even more fun is *The Irish Game Angler's Anthology* (Country House £17.95). Ireland's people and its lakes and rivers inspires the story teller, and the editor, Niall Fallon, has done a splendid job in bringing the best of them together. Many were English – Grey, J.W. Hills, G.D. Luard, Frank Barker and others, are all here. So are the great Irish writers, among them the judge, T.C. Kingsmill Moore. I love the commentary of an envious neighbour on the judge's capture of four spring salmon from the Slaney: "Good, Kingie is in a fish." "My God, the judge has got another". "The bloody fellow has hooked a third!". "This is too much. The bastard has a fourth."

Bryn Hammond's *Halcyon Days* (Swan Hill £18.95) is more of a series of essays than a true anthology; although he quotes at length from other writers to illustrate his subjects. It is a novel and interesting approach, somewhat incoherently realised.

The oddest and most fascinating book I have read this year, by a wide margin, is *Down The Crazy River* by Paul Boote and Jeremy Wade (Sangha Books, 17 Stockton Road, Swindon, £18.95). It is an account of obsessive quests for the mighty mahseer of India, and the even mightier goliath tiger fish of central Africa. I, too, have dreamed of pursuing these fabled species – and having read of the hideous discomforts and horrors endured by these fearless adventurers, I am relieved I got no further than that. The book is riveting, although it would have benefitted greatly from ruthless pruning.

Two other appealing curiosities are Michael Marshall's *Tyne Waters* (Witherby £18.99), and *Lake Vyrnwy – The Story Of A Sporting Hotel*, published at £12.95 by the authors, Sir John Baynes and George Westropp. The first charts the extraordinary story of the Tyne's transformation from open sewer to top salmon river; the other makes me want to do what I have never done, namely fish for trout in Wales.

Finally, a brief mention for *An Angler For All Seasons* (Merlin Unwin £16.95), which is a selection from the writings of H.T. Sheringham, edited by me. I will say no more than that there is very little of me in it, and a lot of him, and that he was an even better writer than Chris Yates.

It's all in the stars

ASTROLOGY slipped from its zenith in the mid-17th century to its nadir in the rationalist 18th. But what happened in the sentimental 19th century? Patrick Curry has filled *A Confusion of Prophets* with bewildering information; but he does so indiscriminately, so it takes a soothsayer to divine the salient facts.

Curry offers five short biographies. John Varley (1778-1842) was friendly with William Blake in the 1820s. He used the poet's visionary bouts for collaborative spiritual research, conjuring Wat Tyler, Richard Coeur de Lion and Moses from a zodiacal past. Varley suggested the subject, Blake drew it; these drawings of "zodiacal physiognomy" remained undiscovered until 1989.

Varley combined knowledge of individuals with specific, unavoidable prediction. He impressed other luminaries: Ruskin, Turner and John Sell Cotman. Bulwer Lytton consulted Varley about Disraeli's future, and received the safe prognostication: "he will bequeath a repute out of all proportion to the opinion now entertained of his intellect, even by those who think highly of it."

After Varley comes Robert "Raphael" Smith (b.1795), occultist, astrologer, and editor of various prognostic rags in the early 1820s. On the back of

A CONFUSION OF PROPHETS: VICTORIAN AND EDWARDIAN ASTROLOGY
by Patrick Curry
Collins & Brown £18, 192 pages

The Prophetic Messenger, which reached sales of over 250,000 by 1830, "Raphael" wrote the 1828 *Manual of Astrology*. This was his *annus mirabilis*, for although "Raphael" failed to predict his own death four years later, he reported an incognito visit from George IV, at which "DEATH WAS FORETOLD within the short space of two years!" George died on June 26 1830.

Royal death was the astrologer's livelihood. The full moon in March 1861 prompted Richard "Zadkiel" Morrison (1795-1874) to predict: "the position of Saturn in the third degree of Virgo in May, following upon this lunation, will be very evil for all persons born on or near the August 26; among the sufferers I regret to see the worthy Prince Consort of these realms." Albert obliged by dying on December 14. This made Morrison's reputation and *Zadkiel's Almanac* sold steadily during the 1870s and 1880s.

The great populist, however, was Alan Leo (1860-1917): karmic astrologer and luminary of the Theosophical Society; the theosophist who took the hand of palmist Ada Phillips, and headed for a predictable married future. Leo founded the Astrological Society (at noon on January 14 1895).

Leo is the most modern of Curry's quintet. His lasting contribution to astrology was the notion that attitude of mind towards events was key, not the events in themselves.

Andrew St George

ARTS

Restoration work has been completed on one of the great masterpieces of renaissance painting – Benozzo Gozzoli's frescoes in the "Magi Chapel" of the Medici Riccardi Palace in Florence. The frescoes, executed between 1459-63 and depicting the procession of the Three Kings and the company of Adoring Angels, will be open to the public appropriately in time for Christmas.

The restorers have been able to remove the dirt of ages and several indifferent restorations. In so doing they have managed to re-establish the magnificent delicacy of Gozzoli's style and his rich colouring. In these frescoes green is one of the essential colours. But because the chapel is enclosed within the palace, the original frescoes have been protected from light and this has prevented the normal – and irremediable – conversion of green colouring to brown.

Among the restorers' discoveries were two blue seraphim in the sky, cancelled out in earlier restoration, as well as enhancement of the background, uncovering previously hidden vegetation. The portraits of Gozzoli's contemporaries in the Magi's procession, including young Lorenzo the Magnificent, can also been seen more clearly.

The restoration concludes Florence's year celebrating the 500th anniversary of Lorenzo the Magnificent's death. The bulk of the restoration work costing over lire 1bn was financed by Banca Toscana. Given the tiny size of the chapel, the public will be limited to 15 at a time.

Off the Wall/**Antony Thorncroft**

Give even more to the even richer

THIS WEEKEND the axe falls on at least 50 staff at Sotheby's offices in London and Europe. On Tuesday Christie's made over 60 staff redundant. Phillips is staying mum. Only at Bonhams, which on Monday will announce sales up 22 per cent on the year, can auction house staff sleep safely.

What is rather shocking about this new wave of redundancies is that it follows earlier shake outs, which were sold as the final solution to the salerooms' problems, and includes distinguished specialists like Anton Gabszewicz, whose only fault is that he heads a small, and therefore not very profitable, department in ceramics.

The salerooms are supposed to have turned the corner; the big winter sales of Impressionists and Old Masters were quite good; why then this inability to make a profit?

The problem is that both Sotheby's and Christie's are giving it away to major sellers. When the experts from the two major auction houses arrive to discuss terms with the owner of a £1m Canaletto or a £2m Picasso, who is thinking of auctioning it, they find that there is nothing to discus. The rival firm has already been there and offered to put it up for sale for nothing.

In the past the salerooms made their money by charging sellers a 10 per cent commission; now the big clients with multi-million properties play Sotheby's off against Christie's and vice versa. As well as insisting on zero charges they often want perks, like hard backed catalogues and big marketing campaigns, to help their art works sell.

By sacrificing profit in the hunt for valuable properties the salerooms must cut their operating costs, which means shedding staff. Or charge buyers more. They started to extract a 10 per cent premium on top of the hammer price from buyers during the recession of the late 1970s. From January 1 Sotheby's is raising this to 15 per cent. Christie's is wavering but will probably follow suit next week. It is a weird business in which buyers pay over the odds so that sellers, the real clients, get served for nothing.

The salerooms are instigating a weird business in which buyers pay over the odds so that sellers get served for nothing

★

Who is the mysterious American who has promised the Tate Gallery $10m (£6.5m) to build new galleries and to convert the existing building into the Tate Gallery of British Art? The guessing stops at Paul Mellon, who owns the finest collection of British art in the US and who is rich, and venerable, enough to make a grand gesture.

★

Within a couple of months of the London Philharmonic Orchestra coming into its own as house band at London's South Bank the achievement is acquiring a hollow ring. The LPO's young (31) music director Franz Welser-Möst, has fallen foul of the critics, and now its managing director, John Willan, has resigned early. He was expected to go at the end of the season after nine stormy years at the helm. But now he has asked to be excused by April. He has plans for a new job in the music world, but a series of rows with the musicians, and falling out over Welser-Möst, have given victory a bitter taste and speeded his departure.

★

It is unwise to ask the Italian dealers and collectors currently flooding London where the money they seem determined to spend comes from – it is probably something to do with living in a cash, rather than a tax paying, economy – but they are certainly cheering up the London dealers and auction houses.

Their excuse for being here is the Accademia Italiana in Rutland Gate where the Orangerie, easily the most classy small-scale antique fair, ended yesterday. It is devoted to Italian antiques and is displayed like a particularly grand Venetian palazzo. The flashy things sold best – the vast tapestry bearing the Barberini arms and priced around £40,000, and a set of views of a Neapolitan villa, at £100,000.

But the happiest man to date at the Orangerie is a humble English porcelain dealer, Clive Gill. He was rummaging through a small country auction when he came across an Italian manuscript. He thought it worth a flutter and secured it for £1,650.

It turned out to be a major discovery, an early secular manuscript on astronomy, produced in Rimini around 1455. It sold this summer, to the Rimini Museum, for £105,000 at Sotheby's. On top of his profit Mr Gill has been awarded a small bronze horse, which is the Leonardo Prize, sponsored by Crowley Colosso, which the Orangerie awards each year to the most important discovery relating to an Italian work of art.

Alston to leave Rambert

THE BOARD of Rambert Dance Company has just announced that the company's artistic director, Richard Alston, "will shortly be leaving his position." Alston joined the Rambert as resident choreographer in 1980 and became artistic director in 1986. The announcement is tantamount to news that he has been dismissed. The implications are shocking.

Alston, now aged 44, is widely recognised as the choreographer who has done most to bring British modern dance to its maturity. He was an important contributor to the repertory of London Contemporary Dance Theatre in the 1970s; his *Rainbow Bandit* (1977) is perhaps the only masterpiece ever made on that company. He co-founded Strider, a group which established experimental post-modern dance principles in Britain. But his use of technical dance virtuosity marks him primarily as a modern-dance choreographer, and since the late 1970s his works have also shown exceptional musicality, most audaciously in response to new or recent scores.

His work for the Rambert includes a number of artistic and popular successes – *Rainbow Ripples* (1980), *Apollo Distraught* (1982), *Dangerous Liaisons* and *Java* (1985), *Zansa* (1986), *Pulcinella* and *Strong Language* (1987) and *Hymnos* (1988). As soon as he became the company's director in 1986, it was plain that the company acquired its most coherent artistic policy for many years, and its work won several prestigious awards.

His recent choreography to Boulez's *Le Marteau sans maiitre* for the Compagnie Chopinot in La Richelle is exceptional, his finest achievement since at least 1988; it will shortly be reviewed in these pages and may be shown on the South Bank next summer.

The subject of present controversy is his artistic direction – or, more likely, money. Alston's Rambert has been unique and invaluable among our major companies for making no concession to populist notions of accessibility. However, the company has not had a great box-office success for seasons, and this summer had a financially disastrous season at London's Royalty Theatre. Since then there has been high tension amid the company's administration. The company's dancers even wrote to the board's director, Angela Serrota, expressing their loyalty to Alston – to no avail.

The situation is an obvious parallel to that which English National Ballet reached in 1989, when ENB's artistic director, Peter Schaufuss, was sacked, and then its administrator, Richard Jarman, was allowed to depart soon after. (In this case, the Rambert's administrator, Roger Taylor, is expected to depart early next year.) Few spectators of ENB before and after 1989 could be convinced that the company's board made a wise decision then; few regular spectators of the Rambert today could think that its board has been well advised. The Rambert under Alston has had its recent doldrums; but without him?

Alastair Macaulay

Beds feature largely at the Petit Palais: one of Fragonard's illustrations for 'Contes et Nouvelles'

Fragonard inspired by La Fontaine

***Elizabeth Mortimer** enjoys scenes from a libertine age*

THE PETIT Palais has just completed an operation which has never been done before, and which it confidently claims will never be done again: the restoration of its set of 57 pen and wash drawings by Fragonard illustrating a splendid handwritten copy in two volumes of La Fontaine's *Contes et Nouvelles*. Since they had to be unstuck from the albums, it was decided to put them on show, setting them in the context of contemporary drawing and book illustration using the museum's own resources. The result is both delightful and startling.

These stories started their published life under royal disfavour. Their subject matter, inspired by Ariosto and Boccaccio, with a strong dash of Rabelais, is lewd, satirical, anti-clerical and funny. But once the pious reign of the Sun King came to an end, it became increasingly clear that La Fontaine's *Contes* provided a canon of instantly recognisable scenes for a more libertine age (just as Ovid's *Metamorphoses* had provided culturally correct licence for artists to paint high-brow hanky-panky on Mount Olympus or in Arcadia in the preceding century). Paintings were made to hang in salons and boudoirs, and several illustrated editions were brought out in the course of the 18th century, including one with no text.

It is not known who commissioned the Petit Palais Fragonard illustrations, nor when they were made. They first came to light in 1840, more than 30 years after the artist's death. Some of the same compositions had been tidied up for engraving in an edition which was announced in 1789, but was overtaken by events. Scholars now believe the drawings were probably made around 1765-75.

Fragonard's dated works are scanty, and his drawings much copied by forgers, but these are clearly genuine, and of exquisite quality. The technique is the same throughout: a drawing is made in pierre noire, then a counterproof made by pressing it against a new sheet on which the image appears in reverse. The artist them elaborates it in bistre (a brown pigment made of soot, water and gum), using pen and brush to produce the final version.

Of course they were made to be looked at from close to, as you turned the pages of the book. What strikes the viewer at once, seeing them hanging at eye level at regular intervals in a series of fairly large rooms, is the pictorial quality of the compositions. The masses of light and shadow and the proportions of the figures in their settings make them seem like small paintings rather than drawings yet they are sketched and painted with such freedom that they seem completely spontaneous. The effects of light – lamplight, firelight and daylight, direct and reflected – are both subtly observed and deliberately theatrical. Sunshine filters through leaves and surrounds a pair of reclining lovers in an airy haze, as their badinage is interrupted by a peasant on a branch above, asking if they have seen his lost calf. The glum hunched figure of a husband, sitting moodily in bed after being caught on the point of seducing a supposed serving maid (really his wife's lover in disguise), is lit by a flash of light, while the successful conspirators head for the door discreetly wrapped in shadow.

Beds feature largely, and come in all shapes and sizes, from the hermit's pallet to the canopied four-poster. Their curtains half conceal countless substitutions and subterfuges – including the administering of an enema to a long suffering lover by his mistress's governess – while their swinging draperies give rhythm and weight to the design.

The poses of the protagonists are varied and expressive. Modest ingenues undress at the bidding of corrupt clerics. Parents walk in on incautious lovers. A youth crowns himself with rushes to seduce a bathing beauty by claiming to be a river god. Perrette scares off the Devil by raising her skirt and an abbess, summoned to rebuke an erring sister, coifs herself with her lover's breeches by mistake in the dark.

Many of the stories deal with that sadly declining sport, cuckolding jealous husbands – preferably with their unwitting connivance. They are not for the prudish. The relevant extracts are quoted in full on the labels, but just as La Fontaine never quite spells it out, Fragonard is always erotically suggestive rather than obscene.

The exhibition includes illustrations to the same stories and others by minor artists, who although charming are completely outshone by Fragonard. Among them are some curiosities, in particular several picture sales catalogues and a couple of guide books to Paris – prototypes of the modern illustrated version, crammed with marginal sketches of architectural detail and street scenes. They are fascinating source books for art historians, giving a clear idea of lost paintings known to have been in famous collections.

There are also are finished pen and wash compositions by Greuze and David; but an unexpected discovery is a fine group of drawings by Joseph-Marie Vien, future neo-classicist and teacher of David, done while he was studying at the French Academy in Rome in 1748. They are the record of a sumptuous masquerade or costumed procession which the French students devised as their contribution to the Roman carnival that year, on the theme of the Sultan's Caravan to Mecca. The Grand Vizir, the Aga of the Janissaries, the Mufti, the pashas, eunuchs, sultanas and ambassadors are set down in all their finery, a tribute to the students' powers of invention and also to the excellence of their drawing masters.

Indeed, it was thanks to the solid founding of all art on drawing at the Academy in Paris and at its offshoot in Rome that the artists of the 18th wielded chalks, pens and brushes with such unequalled distinction.

Fragonard et le dessin français au XVIIIe siècle dans les collections du Petit Palais, Paris. Ends February 14 1993

Radio/**B.A. Young**

Traditionally male

THE RADIO counter-feminism I detected last week takes a gentler line in Radio 4's new series, *This Happy Breed*, in which Jennifer Holden explores communities traditionally male. Her first probe was a week's trip on board *HMS York*, on an exercise that included a simulated action. From captain to ordinary-seamen, she found a general contentment. With female company confined usually to a distant home or to current ports of call, with disciplinary standards those of a boarding school, the ratings think of themselves as little boys. Only one confessed to discontent.

It is hard to think that fundamentally masculine assemblies will behave in their normal way when visited by inquisitive ladies. The best we can hope for is a rough description of what they see. Holden's visit next Wednesday is to a Benedictine monastery in north Scotland – not all that different, but safer, and not so much leave.

There are few better judges of this happy breed than Robert Louis Stevenson, though as we saw in the Saturday Classic Serials on Radio 4, currently short stories, he did not rate them all notably high. Last week's *The Wrong Box* gave us Finlay Welsh, fine as mean, crooked Morris Finsbury. This week, in *The Suicide Club*, that canny essay in delayed revelation, Crawford Logan and James MacPherson as Florizel and Geraldine cunningly, and not quite ethically, deprived the President (Robin Thomson) of his lethal club. Both plays used an effective consciously dramatic style under Patrick Rayner's direction.

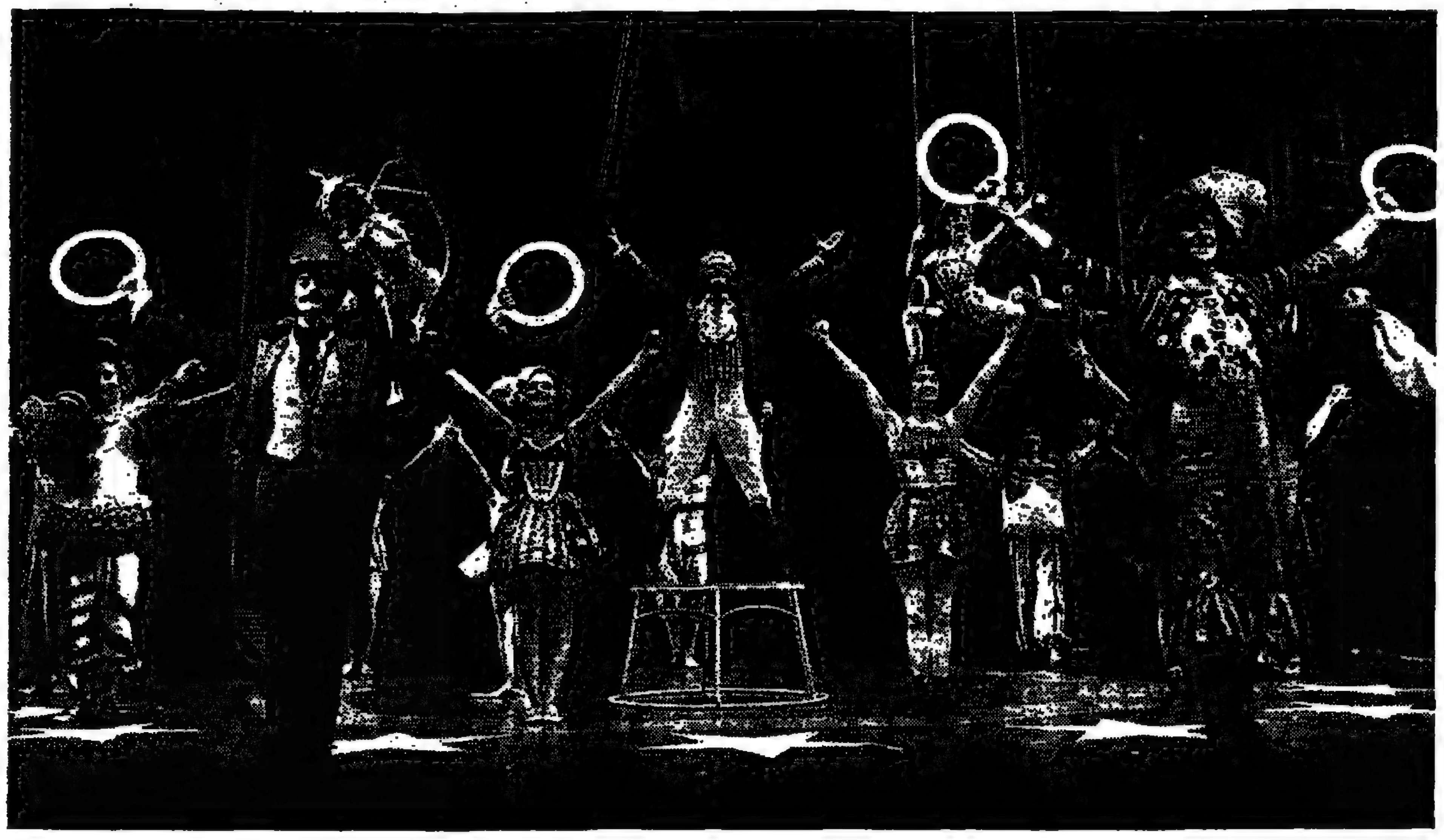
An even less admirable hero was Ben in Radio 4's Monday play, Guy Slater's *At Sea on Inya Lake*. He was 18 in 1962, son of the British Council's rep in Burma, and in love with Sally Win Maung. Thirty years later he revisits Burma to interview the Nobel Peace Prize winner, Daw Aung San Suu Kit. Sally, now married to a Burmese, matters more to him, and he seduces her in her married home. It was good to be reminded of the Burmese situation, but really this was only a sentimental love tale. Slater is a TV producer, so he likes short, undeveloped scenes and alternates them between periods not a good idea for radio, no matter what director Sue Wilson can do.

Who are the heroes in Tom Stoppard's *The Real Thing*? We have the choice between a married couple, lovers, characters in good plays, characters in bad plays or the bad play's author, who is serving time in gaol as the result of trying to burn the wreath on the Cenotaph. At the centre of events are dramatist Henry (Clive Francis) and his actress wife Annie (Emily Richard). They survive a modest marital problem, but retain opposing attitudes to the leftist wreath-burner.

Such results are actually less important than the argument so sharply set out in the sympathetic dialogue, in episodes allowed to develop besides setting the scene. Stoppard's exchanges can convey their meaning at one remove; we are not really concerned with Swiss holidays, or crudités, or sixtyish pop music, but we are think we are until we realise we are dealing with something else. High marks to Gordon House, for both adaptation and direction of a co-production with the World Service.

Also on Radio 3, on Saturday, we had John Allen's *The Last Viking* – not about the Danes joining the EEC but about a Norseman in Greenland, in 1492, a year as telling as 1962. Ingolf, the last Viking in their colony, is hammered by the voices of dead Norsemen who had tried to live in the region, unsympathetic except to the "little brown buggers", as Ingolf calls the Inuits. We had a superficial view of the tales of Eirick the Red and the first sight of Vinland (hence the date's importance), but not much of a story.

ARTS



Alastair Muir

The circus comes to town: Paul Nicholas (centre) as Phineas Taylor Barnum at the Dominion Theatre

Barnum walks the tightrope

*Not the greatest show on earth, conludes **Malcolm Rutherford***

THE STORY of Phineas Taylor Barnum, the man who brought the circus to town, is so extraordinary that it must be almost impossible to tell it badly. The musical version at the Dominion does not quite do that, but except for a spectacular 15 minute finale, it is curiously lacking in style.

Barnum (1810-91) was a remarkable man by any standards. He called himself the Prince of Humbugs, yet managed to continue to take people in for most of his life. His specialisation in show business was exceptions to the rule, like the midget who never grew more than 25 inches tall whom he called General Tom Thumb. He also acquired Jumbo, the biggest known elephant in the world, from the London Zoo and put him in his circus. At the same time, he dabbled in politics, was on speaking terms with US presidents and had tea with Queen Victoria.

But it is not the greatest show on earth that has arrived in London. *Barnum* looks slightly amateur, precarious and under-rehearsed. Possibly this is a very clever device, designed to show the fragility and hit-or-miss nature of show business. If so, some of us would prefer professionalism.

There are opportunities galore. One of Barnum's first successes was to discover an ancient black slave called Joice Heth, whom he passed off as George Washington's 160-year-old nurse. Here the exhibit looks just like another shabby side show. The production does not do a great deal better with Tom Thumb, though it does allow another of Barnum's discoveries, a Swedish opera singer called Jenny Lind, to demonstrate what can be done with a confident voice and attractive looks. Played by Clara Miller, she is in a higher league than most of the rest of the cast.

This teasing division between what is really good and what you can get away with runs through the show. There is a striking example when Paul Nicholas, playing Barnum, walks a tight rope. True, it is not much more than six feet high and the rope is not the thinnest you have ever seen, but it is a very long walk and there are no visible means of support. At the opening on Thursday, he made it and let out a huge whoop of "yes". Perhaps it is part of the suspense that he may not make it every night.

One part of the plot is bewilderingly obscure. After a touching scene with his wife on the steps of the town hall where Barnum has been elected mayor, it is not clear whether she goes off and leaves him or simply goes off and dies. Either way, that is the last we see of Charity Barnum played by Carol Duffy. Perhaps the subtlety is that, whatever happened, the show goes on.

The music is by Cy Coleman. Its weakness is that there is only one passably good song, "The Colours of My Life", and not enough is made of it. Yet just when you are thinking what an uneven show this is comes the dazzling finale: acrobatics all over the place, Barnum arriving on a rope from the gallery, the circus at its best. Indeed there is so much simultaneous spectacle in the last few minutes that it is hard to take it all in. One wonder why some of it had not come before.

I do not want to disparage. *Barnum* is fun. Nowadays, however, when you put on a musical in the West End you have to compete with the technical excellence of the Royal National Theatre doing *Carousel*. Put the RNT on to *Barnum* and it might be a different story. The show is directed and staged by Buddy Schwab and will run for a six week season.

Dominion Theatre. (071) 580 9562

Dangers of being Number One fan

***Alastair Macaulay** finds 'Misery' steers an uneasy course*

HERE IS the play of the film of the Stephen King horror thriller, and the most remarkable thing about it is the alarming degree to which Sharon Gless's portrayal of the grinning, auburn, sturdy, determined, grunting, obsessive, homicidal and unbearable heroine Annie Wilkes resembles the Duchess of York. Once the likeness hits you, the play becomes considerably more interesting.

Otherwise it steers an uneasy and corny course. Suspense is an awkward path to negotiate. Steer too far one way and you bore the audience; steer too far the other and you are into realms of camp. *Misery*-the-play veers off in either direction several times. Though usually among the most squeamish people in any audience, I was on this occasion one of those who chuckled heartily through the Act Two climax – and I was among the few who did not already know the plot. I may be lowbrow enough to enjoy Ed McBain, Captain Beaky and *Eastenders*, but I have not yet made it to Stephen King.

For those few of you who also need telling, the plot of *Misery* concerns a writer of cheap historical romances which feature a heroine named Misery. He is rescued from a car accident by Annie, who happens to be not only the world's Number One fan of the Misery novels but also a psychopath. Since his legs are agonisingly injured, she is able to hold him captive. Soon she discovers with rage that he has begun to attempt another kind of fiction and that, in the latest Misery novel, he has actually killed Misery off. You can just imagine how she starts terrorising him after that. Novel, hovel, grovel...

It is fun to see Sharon Gless perform a role so unlike that of the TV Cagney (& Lacey) that has made her famous. She conveys has the character's gauche, growling stolidity – but as a psychopath she is just a ham, along *Whatever Happened to Baby Jane* lines. As for Bill Paterson, it is depressing to see him in this material so soon after his superior performance in a rather more compelling tale of a captive hostage, *Death and the Maiden*. In *Misery*, he is highly intense, convincing and, often, funny. But what a waste of two talented actors.

I call this the play of the film chiefly because the staging uses loud music to manipulate the audience into alarm, panic, horror and even ironic laughter. This is the *Indiana Jones* school of dramaturgy: hammer the pulses, and switch the volume up, up up. The composer is Gavin Greenaway, but I blame the director, Simon Moore, who is also the playwright. Though he succeeds with the deliberately comic/campy parts – the *Misery* novels are plainly pulp – he leaves us unsure how often we should be laughing throughout the other sections. *Misery* is a pretty cynical exercise in audience manipulation that is not canny enough to succeed.

At the Criterion Theatre

Sharon Gless and Bill Paterson as psychopath and victim

A high risk Flute

ONLY those with long memories will be able to picture clearly the Sadler's Wells production of *Don Giovanni* from the 1960s, which brought modern sets and pop-art drop curtains featuring green triangular trees to classical opera. Imposing an abstract style on Mozart is a high risk strategy.

For Scottish Opera to try such a trick after the abuse that greeted its last new production was brave indeed. But the company has taken out an insurance policy. The conductor was Nicholas McGegan, who commands wide respect as a Mozartian of authority and lively ideas. He conducted this new *Magic Flute* on Thursday without a baton, but one would never have known: the orchestra's playing was crisp and the whole score swept along, bristling with energy.

It was the sort of musical performance which stamps its personality on the opera from the opening bars – in this case a businesslike call to attention, nothing pompous at all, which is just what Martin Duncan's production will have wanted. For his aim was to put on an anarchic show, which tramples all the hallowed conventions underfoot. This is a *Magic Flute* of no particular time, of no place, just a riot of colourful ideas in a fashionably alternative style. The audience has tuned in to Mozart and found him on Channel 4.

Simon Keenlyside (Papageno) and Paul Nilon (Tamino) in Scottish Opera's production of 'The Magic Flute'

In such a demotic view of the opera there is no point in bothering about lofty philosophical truths. Instead we get an adventure pantomime, in which Paul Nilon's eager and boyish Tamino, rather short on princely nobility of voice, sets out to win his girl – Susannah Waters, an attractive Pamina, though one who does not sound at ease with her music.

On the way he encounters various bizarre creatures. The Queen of Night, sung by Jennifer Rhys-Davies, becomes a vamp and evil magician, who pins the birds that Papageno brings her on the wall at home. Rupert Oliver Forbes's Monostatos is dressed as a human dung beetle with grotesque dangling bits (one does have to sympathise with singers these days). Gidon Saks makes a refreshingly unstuffy Sarastro, broadly sung; David Mattinson is the dignified Speaker. The Three Boys seemed unnaturally confident, until a glimpse of their child-bearing hips gave the game away.

The star of the evening, however, was Simon Keenlyside as Papageno, a brilliant comic creation conceived (one imagines) by singer and producer together. Here the bird-catcher becomes part bird himself, half peacock, half gobbling turkey, his gait a stalking bird-like strut, his nose a pointed beak, while the human part was wrapped up in the guise of a Liverpudlian alternative comedian – a unique double persona, dazzlingly brought off.

When he is on stage, the production takes wing. For the rest Duncan amuses himself debunking the opera's convoluted symbolism. Into Ken Lee's brash designs is tossed any symbol that happened to be at hand, windows, doors, triangles, circles, all meaningless and a wickedly merry jape. I liked the three temples of Sarastro's kingdom, which come out as triangles of stone, on each of which a classical column (Ionic, Doric and Corinthian) has been chalked as graffiti.

Less than half of what makes *The Magic Flute* a great opera is to be found here, but what there is flies high with a brazen sense of fun: a symbol, maybe, of renewed confidence at Scottish Opera.

Richard Fairman

Performances continue at the Theatre Royal, Glasgow, until 10 February (Box Office 041-332 9000); then on tour

Jazz Collection

THE Collection is three nights of comedy and music in aid of Friends of the Earth, held in Islington's Union Chapel. Unusually, for "a benefit", and a popular one at that, the music part is entirely jazz and not entirely mainstream.

Saxophonist Barbara Thompson has long inhabited the mainstream usually veering towards the funk/fusion aspect of the music with her touring band Paraphernalia. The new outfit Sans Frontiers is a more eccentric and cosmopolitan vehicle, however, and is currently parading a jointly written suite. The six pieces, arranged by Thompson, which includes Michael Urbaniak's electric violin and the keyboards of Jasper Van'T Hof, creates a dense wall of sound.

On Monday, her own persuasive tenor voice spoke clearly on "Into The Eye Of The Storm", the soprano taking a back seat for Enrico Rava's rip-roaring trumpet in "Stuttgart". "Secrets", written by Rava, opened with a wiry bass solo from Bo Stieff set against the meshing cymbals of Jon Hiseman, giving way to more fat notes from the trumpeter. "Over the G", written by Stieff, commenced with a threatening and industrial rhythm which blossomed into an opening for Urbaniak's extraordinary instrument. The gum chewing Urbaniak has the better of it though, and even exchanged melodramatic sawing for an electronically induced alto saxophone sound at one stage.

The scene for Thompson's heavyweights was set by the weltering piano technique of South African Bheki Mseleku and later the likeable whimsy of British pianist Django Bates. Mseleku arrived wearing a tenor sax and accompanied himself competently at the keyboards for a couple of bars before dedicating himself to the poignant chords, trickling notes and nasal utterances which have brought him to prominence this year. As an improvisor he is full of ideas and the moaning top line he sings adds surprisingly much to his pieces. Hopefully, sustained success will enable him to fulfill one of his burning ambitions – to own a piano.

Django Bates and saxophonist Iain Ballamy's cranky, out of kilter tunes – "Potato Picker", "Serendipity" – fitted nicely in between Mseleku and Thompson. An energetic performer, either at the keyboard or the curious peck horn, Bates' quartet is a pocket version of the tumultuous 18 piece Delightful Precipice and swung precariously. Indeed, it would have been better to hear more of his wistful meandering material and less of compere "personality" Jools Holland, whose facile remarks and boogie-woogie tinkering filled in the gaps.

Garry Booth

Sponsors: GLR and Time Out

Chess No 953: 1 Rh3 gxh3 2 Be1 and 3 Nb3. If Rb1 2 Be1+ Rab4 3 Rxa3. Not 1 Be1? g3+.

Recital/David Murray

A rare soprano talent

MISS Upshaw's Wigmore recital on Thursday offered rare and complicated pleasure. For one thing, her heart-tugging high soprano prompts epithets like "natural" and "unaffected", when it is nothing so simple as that. She is an enormously intelligent artist, and any native wood-notes wild that she emits are no product of innocent spontaneity. For another, she plainly chafes at the limits of the high-soprano soubrette repertoire (she is an enchanting Despina, and I long to hear her Susanna): here, she took on Schumann's op. 39 *Liederkreis* – the opulent Eichendorff cycle, not the bleaker Heine (op. 24) – which might seem to favour her kind of voice only in a few songs.

More of that below. She had begun with three of Haydn's English songs, delivered with bright American vowels and as charmingly as expected. Probably her pianist Gilbert Kalish made even more of an impression, finding original dramatic force in every accompaniment. (Contemporary music fans have long admired his recordings, but over here we know too little of his Classical work.) After the interval, Miss Upshaw was touching, funny, imaginative and precise in five of Mussorgsky's *Nursery* songs – what can she possibly have got against the other two? – and revelled in a batch of the most familiar Charles Ives songs, nicely varied.

They concluded with lullabies, all limpid and lovely: Montsalvatge, Szymanowski, Falla, Brahms – and what may have been the first performance of an unaccompanied and unpublished one that Debussy composed for a play. Miss Upshaw remarked that it struck her as un-Debussyish, more like a troubadour song; it struck me as a close cousin of Mélisande's Act 3 ballad, but anyhow she sculpted it beautifully. Somebody, somewhere, is surely pleading with her to learn the role of Mélisande, and Mozart's Constanze too.

As for the *Liederkreis*: the slight mismatch between the Upshaw timbre and tessitura, and our conventional expectations of a ripe mezzo or baritone sound, threw her unwinking insights into high relief. "Die Stille" was natural territory, of course – winsome staccato, with a touch of irony; but where she might have just floated "Mondnacht" exquisitely (she controls long lines to perfection, and rhythmic periods too) her visionary purpose drew tears. "Waldesgespräch" became a genuinely chilling vignette. There were dark, penetrating tremors in "Zwielicht" and "Im Walde" as well, the better to set off the rapturous final outburst of "Frühlingsnacht".

It is some time since I have heard any live performer – even those more "naturally" suited to the music – attack *every* song in this cycle with such searching fervour. In his lean, pointed way, Kalish matched her. More generous pedal-cushion might have flattered her voice better, but his forceful articulacy was of a piece with her laser-sharp intentions, clothed though they were in an air of sweet simplicity. These American artists mean serious business; they do not forget Old Europe, but they do not indulge it either.

Making child's play of choosing

Lucia van der Post discovers luxurious last-minute presents for both the little folk and large

ANYBODY who has ever tried to track down fine editions of the great children's classics will know how difficult they are to find. Everyman's Library has come to the rescue this Christmas with a boxed set of 10 of the great children's classics. Simply but beautifully printed and bound, they cost £67.50 for the set and should give any child hours of pleasure.

Included is *Alice in Wonderland*, Kipling's *Just So Stories*, fairy stories by Grimm and Andersen, *Treasure Island*, *Aesop's Fables*, *Peter Pan*, *The Wizard of Oz*, *A Child's Garden of Verses* and *Lear's Beasts*.

They can also be bought separately at £5.99 for the smaller tomes, £6.99 for the larger. Find them in most bookshops, including WH Smith.

■David Plagerson's beautifully crafted wooden Noah's arks and animals are of heirloom quality. Much too good really to be wasted on children, many of his toys are increasingly sought by collectors.

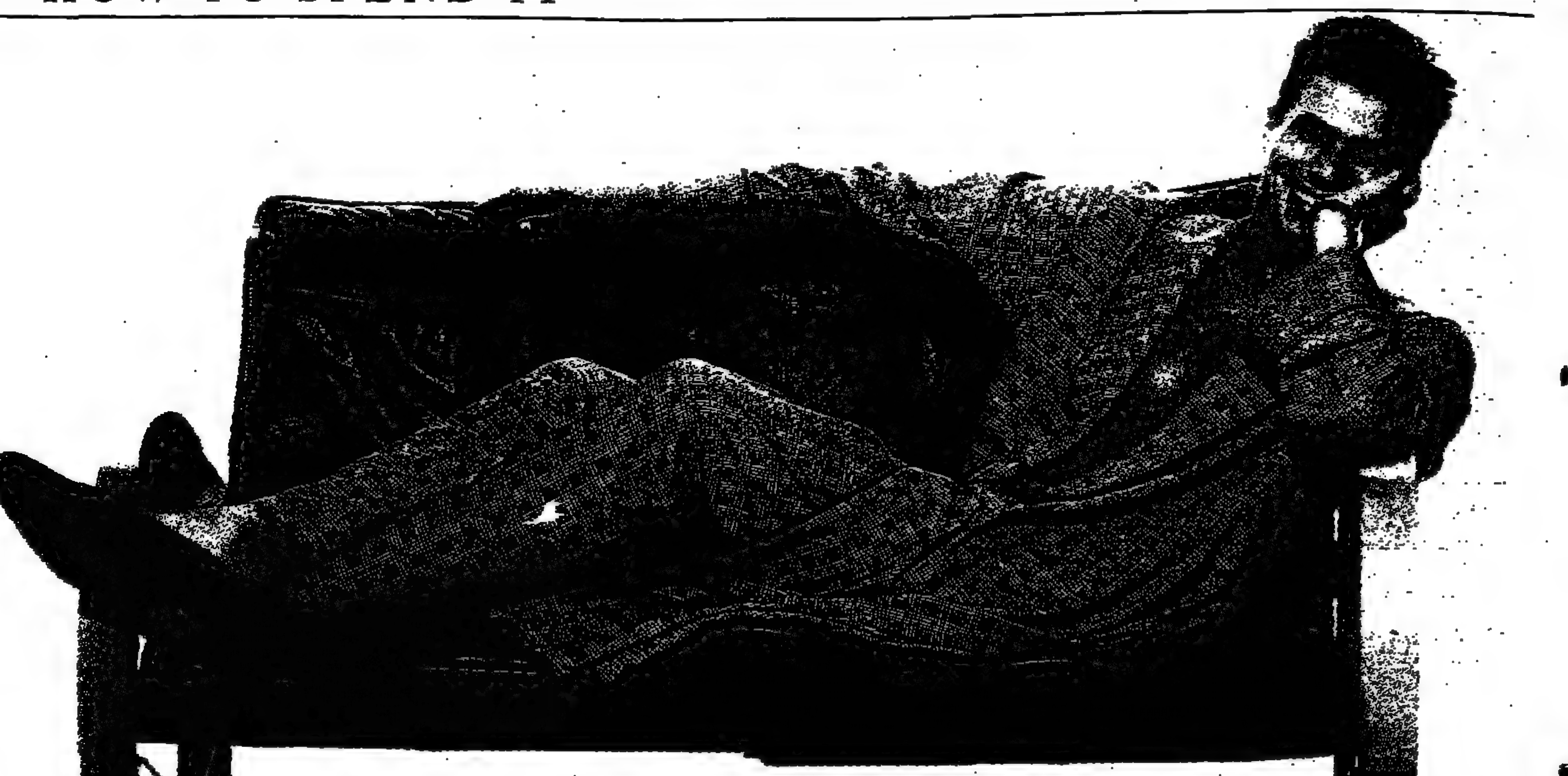
Anybody in an indulgent mood and prepared to spend the money his toys cost will find that Plagerson himself (28 Bridgetown, Totnes, Devon, tel: 0803 866786) will be glad to sell them either a doves' frieze or a cherry frieze ark with an assortment of wooden animals.

Prices start at £320 for the ark set in mixed woods, while painted ones (pictured right) are £840 for the smaller size with 15 pairs of painted animals and £1,330 for the large ark with 25 pairs.

COCOON produces the most luxurious bedding in the world – silk-lined, silk-filled, exquisitely finished and embroidered, based on the heirloom bedding that throughout the great dynasties of China was deemed the right and proper accompaniment to blissful sleep for the high-born and well-heeled.

These days, these delicious duvets, pillowcases and bedcovers are beyond the reach of all but the seriously rich – they start at £1,665 for a double quilt but perhaps a doting grandmother might consider £400 for a pampered offspring's Baby Bundle?

However, a smashing present for an indulgent chap to give his best-beloved would be one of the classic silk hoods the company now produces. Made from sand-washed silk charmeuse filled with pure silk floss, they are the most glamorous wind-cheaters I know. In dark blue, midnight blue, black, pale rose and pale blue, trimmed with a dark brown velvet cuff, they cost £400 each. The Cocoon Collection is stocked by The Monogrammed Linen Shop at 168 Walton Street, London SW3 and in Harvey Nichols of Knightsbridge, SW1, and by Thomas Goode of 18 South Audley Street, London W1.

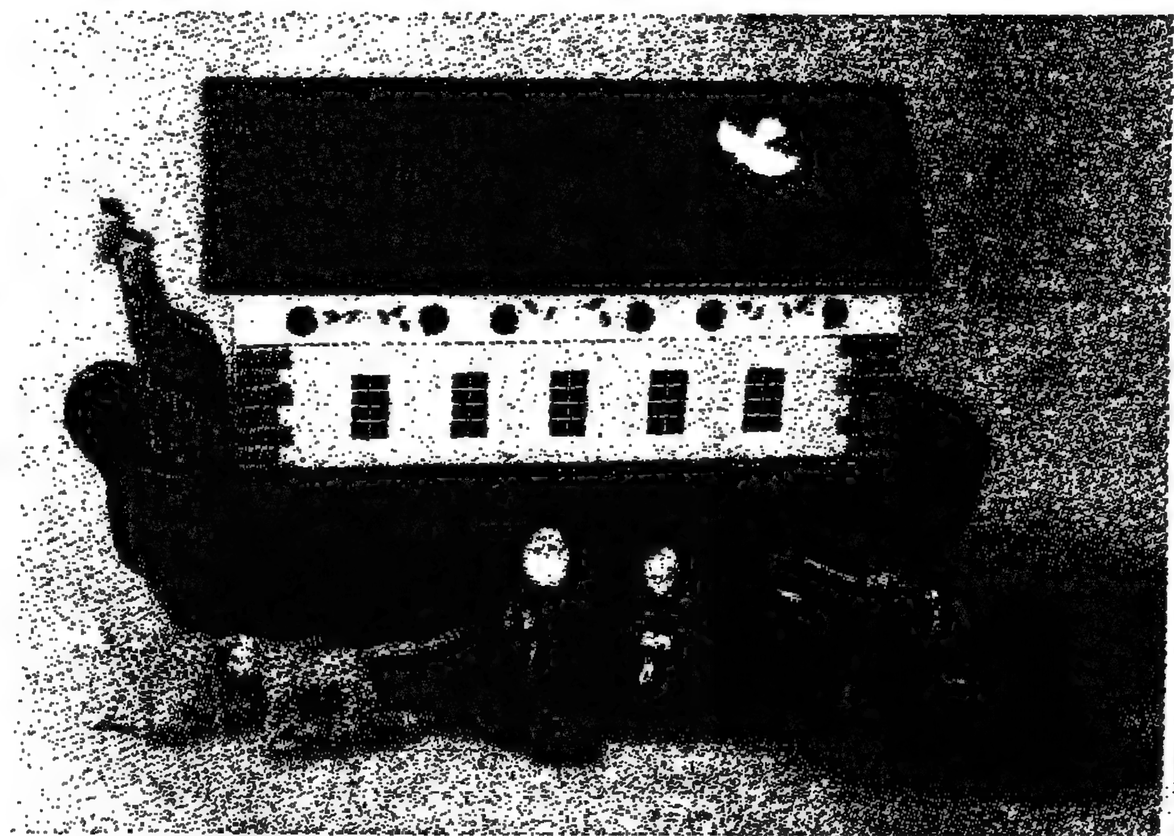


TARTANS and checks, as if regular readers of How To Spend It needed telling, are all the rage. In fine Viyella in sophisticated colourways, they make exceptionally chic nightwear, particularly for chaps. Look for dressing gowns with tartan cuffs, shawl collars piped in red, for matching nightshirts, and perhaps most sophisticated of all, look for dressing-gowns and pyjamas in a Prince of Wales check Viyella, such as the set by Bonsoir pictured above.

Pyjamas are £87.50 a pair, the dressing gown, £105. A little cheaper, at £72.50, are the Viyella nightshirts.

For those who prefer to conduct their nightlife in good soft cotton poplin instead of cosy Viyella, the same designs come in regimental and satin stripes, paisleys and spots. Pyjamas, £59.50, nightshirts and dressing-gowns, £45 each. Bonsoir is available from most good department stores.

LvdP



TOMLINSONS catalogue is filled with charming ideas for Christmas presents for all ages and anybody still agonising over lists and decisions can ring 081 944 8348 today from 9am to 2pm and next week to glean ideas. Many of the suggestions are relatively inexpensive – two beautiful beeswax candles for £18.85, painted wooden picture frames for £10.50, luscious soft-fringed 100 per cent pure wool checked throws at £49.95, long-sleeved white cotton Victorian-style nighties for £31.95, fat etched coloured glass pens for £12.55 each. The wooden book-ends at £15.65 and coat-pegs at £4.95 below would enliven any nursery or child's bedroom.

● It has always been hard to beat a good book as a present and these days proper hardbacks are expensive enough to be considered treats. For anybody short of time, Interbook is a godsend – an idea so simple one wonders why it took so long to happen. Any book ordered before 3pm can be delivered anywhere in the country the next day. The Interbook telephone line – 081 200 1515 – is manned 24 hours a day, every day except Christmas day, and the cost is the full published price of the book plus a £4.99 delivery charge, no matter how many books are sent. The service includes gift wrapping, a greetings card, printing of a message on the bookplate, insurance and hand delivery. Payment is by credit card and books can be sent abroad.

A ROCKING horse is the classic heirloom present – every adult's idea of the essential prop for the ideal nursery. The Stevenson brothers are the classic makers of modern fine-quality rocking horses. Prices start at something like £1,000 and go up to £3,000. As they are hand-made (from non-endangered woods), they should really be ordered in advance but the Stevenson Brothers have an Ayres horse, made from popular wood with beech legs, still available in their workshop (first come, first served, £1,700, ring 0233 820363). They also have charming teddy-bears, part of a limited edition of 100, left at about £170 each. Dolls start at £70, small rocking horses at £500.

MATTHEW Rice has produced some exceedingly pretty and well-priced card and paper briefcases for children.

The one photographed here (above) sells for about £21 and features Noah's Ark and pairs of wooden animals on the front and a stable of toys on the back. When the child opens the lid, there is a map of the world.

Also made from card and paper is a sweet, small chest of drawers (again for children) with chickens and rabbits on the front. About £14.95, and ideal for keeping together all the tiny precious things that children love.

Look out, too, for photograph frames, ranging in price from £5.25 to £10.60. The Matthew Rice range is stocked in London by the General Trading Company, 144 Sloane Street, SW1; Fortnum & Mason, Piccadilly; Graham & Green, 4 and 7 Elgin Crescent, London W11 21A; Barclay & Bodie, 7 Blenheim Terrace, NW8. You can kill two birds with one stone and see some of the delightful glass and spongewear made by Matthew Rice's wife at the same time, at her shop, Emma Bridgewater, 739 Fulham Road, London SW6. For out of London stockists or for mail order (still just time!), ring Rice Paper on 071-371-9077.

LvdP

New games win as old favourites go by the board

***Peter Berlin** tests this season's new and repackaged ideas and judges how the die is cast for them*

THE Reverend Green is dead. His place among the murder suspects in the *Cluedo* set is to be taken by a businessman. Green's fans jammed the switchboard of the game's UK licensee when the news leaked out this week. But when you unwrap the family Christmas game this year, you will find that he is not the only victim of changing fashion.

This year's seasonal releases include new versions of those old favourites, *Monopoly* and *Trivial Pursuit*. They are joined by, among others, a growing number which hark back to the British tradition of parlour games.

The tried and trusted Christmas games are both repackaged this Christmas. There is a *Trivial Pursuit - The Annual Edition*, to celebrate the game's tenth birthday, containing questions culled from events of the last year. There is no board. Instead, there is the usual pie and a die with coloured dots for categories. This keeps the price down but removes the last vestiges of tactics.

Since it is rarely possible to deduce the answers to *Pursuit* questions, this is essentially a game of luck. Furthermore, like all trivia games, it favours adults who have had more time to accumulate the debris of modern society more than children and, in this version, adults who are obsessed with Madonna most of all. There are also three different versions of the full set with board (£43), a travel version, additional specialist boxes of question cards and sets of CD and cassette questions (£15).

'A team can run aground on questions of general knowledge — if you do not know what the Maldives are, you cannot explain them to team mates'

In *Euromonopoly* (£29.95), the EC version for 1993, the dark blue properties (the most expensive) are, unsurprisingly, German: Berlin's Kürfürstendam and the Königsallee. Strangely, the two cheap brown ones are Danish. The currency is Ecus, the playing pieces are the Eiffel Tower, the Tower of Pisa, and so on. But the game is played exactly the same way. It is a pretty tackily made version of the old favourite, but you can always buy *Standard Monopoly* (£15), *Deluxe Monopoly* (£25) or *Pocket Monopoly* (£9) instead.

The latest *Trivial Pursuit* may have dropped the board but imitations crop up everywhere. Both *Pictionary* (£32.95) and *Articulate* (£24.95) come with boxes of question cards and boards divided into coloured segments. Both also owe a large debt to charades.

At least with *Outburst* (£33.95), the board is black and white. All three games contain little plastic egg-timers which break easily. *Articulate* is the least-well made and accordingly the least expensive.

All three are really rather fun. They fit into the booming category of rowdy team games. In *Pictionary*, players must communicate words to teammates with drawings, in *Articulate* they must explain as many words as quickly as possible and in *Outburst*, teams must name as many words in a category as quickly as possible.

Pictionary is not for those sensitive about their art. Drawings are subject to ridicule, but even bad drawings can be communicative. It is amazing what stick men can do.

Articulate is, for the most part, a test of quick wits and word-power but a team can run aground on questions of general knowledge – if you do not know what the Maldives are, you cannot explain them to team mates.

There are other, inferior, variations on this theme. *Pazzazz*, which is not a team game, comes with what looks like a set of clockwork dentures instead of an eggtimer. This flops over at the end of a player's timed turn of naming words in a category. If you do not want a set of jumping teeth, you certainly will not want the whirring, plastic clapperboard which comes with *Guesstures* (£33.95), a reworking of charades. Save your money and play the original.

One cheeky repackaging of an old parlour game that is worth the money is *Ex Libris* (£10.95). It contains a well-disguised set of rules and a pack of cards. These offer plot synopses of novels. Players, if they do not know the real first or last lines, write down versions of their own devising and then try to guess the right one.

Once you have used the entire pack, you can start working your way through paperbacks on your shelves. It is immense fun. Even the best-read will be surprised at how little they remember, while the least bookish can show a surprising literary flair.

Apart from the many repackagings of *Monopoly* and *Cluedo* (£14.95) old-fashioned board games are rare. The biggest British games manufacturers are obsessed with jumping teeth and do not believe old-fashioned games will sell to the Nintendo generation.

The worthwhile exceptions include *Fair Means or Foul* (£17) from Germany, where such games still sell well. It takes antique collecting as its metaphor, so it is full of rather pretty playing cards showing antiques and modern works of art. Players collect sets of art by outbidding opponents or stealing from them. But if you spend too much time building a collection rather than moving your piece, you might be too far behind at the end.

This is a nicely designed, testing and infuriating game which can occupy a couple of nerve-wracking hours in comparative quiet and allow children a good chance of beating their parents. The same goes for *Hare and Tortoise* (£17), a British game, in which a gift for mental arithmetic is helpful but not essential as you try to calculate how many carrots your rabbit needs to hop round the course.

One way games companies are trying to compete with the video and computer games is by putting games on video tape. The most heavily advertised is *Atmosfear* (£32.95), a board game which has the advantage of taking exactly the 60 minutes the tape lasts. Players race around a graveyard collecting six keys by luck rather than skill. Every so often, an over-the-top actor playing "the gatekeeper" snarls instructions from the screen. As the game goes on, he grows more over-the-top, his make-up thickens and his growls become louder and more frequent. Good fun for teenage children and their friends following the Christmas Eve visit to the pub after which it will probably be forgotten.

Another video game is *221b Baker Street*. The video offers badly-acted but entertainingly scripted little snippets of plot but is little more than a decoration of the board game of the same name (£15) – a sophisticated variation on Cluedo. Fans of the great detective might also enjoy the rather quirky card game *Sherlock Holmes* (£8.95) which contains elements of the old card game Hearts. It is most entertaining if players announce plot developments in a Dr Watson voice as they play each card.

The obsession with detectives has carried over into the ultimate dinner-party game: the murder evening. Players take the parts of suspects in a murder and play out their roles over a meal. The leaders in this field are the *How to Host a Murder* (£23) series. The box includes a cast list, so you can invite the most suitable of your friends for each role.,

You begin the evening with a tape in which you are told by a policeman that you are suspects in a murder and may not leave. The players spend the meal wheedling secrets out of each other. Each has a booklet of information their character knows, after each course they turn the page to find out more, after dessert they turn to the solution.

It can make for an entertaining evening if everyone enters into the spirit, but it can be trying for the host, running in and out with food and missing clues. One strange aspect of some of the games is that the murderer does not know he or she has done it until the last turn (or course).

The *How To* games run through the usual gamut of Agatha Christie country houses and train journeys.

For those with a large wardrobe of Lycra tunics and nylon slacks, there is a *Star Trek* mystery, but you can only play each mystery once. It is also impossible to make real conversation while you are playing a game – perhaps that makes it more attractive for a family Christmas.

■ *Retail prices of games vary greatly. Those quoted are from Harrods, for games it stocks, or specialist shops Just Games and Esdevium Games. Both of these offer mail order; Esdevium Games, 6 Wellington St, Aldershot, Hants, GU11 1DZ, tel: 0253- 311443; Just Games, 71 Brewer St, London W1R, 3FB, tel: 071-734-6124.*

All in the game: some of the offerings for this Christmas

Trevor Humphries

FASHION

Weaving that old black magic

Avril Groom looks at evening wear that puts other dresses in the shade

IF NAVY has been this half-century's safely elegant choice for women in daytime, there is no doubt about its after-dark equivalent. At night, one is seen in black.

Although black is every designer's choice for evening versions of this winter's fashion themes, you cannot say that black is back. It has never been away. In British stores, at least, little black dresses, long black dresses and black evening separates far outsell any other colour every winter.

At Fenwick, in London's Bond Street, the figure is three to one. At Harvey Nichols in Knightsbridge, buyer Yasmin Yussuf estimates her sales of black equal those of red, purple, cobalt and gold put together.

Those bright shades read like a list of also-rans. At some point, each has been touted as the evening colour of the season, only to founder among the black shadows. This year it is the turn of gold, but you are more likely to see it on fashion pages than at parties. Yet, all those colours look very good as a highlight to a predominantly black outfit.

Indeed, that is one of black's enduring strengths – it is a brilliant foil for the vivid little item, such as a bag or scarf, that individualises a simple dress and, most of all, for jewellery. Not for nothing do jewellers display their best pieces on black velvet.

Buyers and designers say the greatest appeal of black is its versatility. "It dresses up or down as much as you want," explains Yussuf, "and, therefore, you only need buy one evening outfit, especially as the long slim dress is now acceptable wear from cocktails to grand balls.

"It can be low-key or, if a woman enjoys really glittering costume jewellery or has wonderful real jewellery, nothing will set it off to better advantage. And black is the most slimming colour."

There is also the question of investment value. "Because the accessory variations are limitless," says Yussuf, "you can keep on bringing out a black dress and, even more so, interchangeable black evening separates. But that stunning red dress is once seen, never forgotten."

For designer Donald Campbell, who has many private customers for whom he makes to measure, it is a matter of discretion. "This is not the time for a grand statement in flamboyant colours," he says. "I have had many orders for simple black dresses but the fabrics – silk, crepe or velvet – are very rich and feel wonderful to wear. It is a time for private luxury, not public display."

As Emanuel Ungaro showed in his couture collection for this autumn, you can confect a complex mix of velvet, lace, taffeta, beading and ribbons and, provided everything is black, the result is charmingly tasteful.

Try that in red or gold and you would be fit only for the stage at the royal variety performance. It is also very hard to put a price tag on a plain black dress, as even inexpensive fabrics have a knack of looking better in black than any other colour.

Apart from the grand ball dress, all the clothes photographed here are priced moderately – but they give maximum value for glamour and good taste.

They also illustrate the chameleon ability of black to slot into any of fashion's present moods. The grand dress is the place for mixing texture, fabric and decoration to great effect; and the quality of fitting and finish, plus the craftsmanship of the detail, mark the special effort from the common herd.

Conversely, the new, slim, long dress is the plainest canvas to decorate with your own fashion fantasies, from jewellery to a bright chiffon or velvet scarf (or, if you have the face, figure and confidence, to wear in minimalist mode with nothing but clean hair and a naked smile).

The full, long skirt is a less demanding option but here, too, fashion decrees a low-key pairing, with a simple Lycra "body" or a slip of soft knit – plenty of opportunities to bring in colour here – rather than the big organza shirt or spangled corsetry of last year.

Short dresses may have been declared passé by the pundits but they are still many women's choice and look fresher for evening than for day. Provided the shape is simple, you can load on the glitter here – the black, sequinned shift dress has become a modern classic.

Finally, this year's emphasis on mannish styles has turned the spotlight on another classic, the dinner suit. Worn with cascading hair and wicked womanly touches such as delicate mules or a transparent chiffon shirt, it can look more beguilingly feminine than the flounciest of frocks.

But the last word should go to a designer who is not a single-minded supporter of black. Amanda Wakeley, a rising young star of evening wear and winner of the glamour section of this year's British fashion awards, produced much of her winter collection in deep navy or chocolate brown.

"I see them as alternatives which fulfil the same function as black," she says. "All are very subtle and can be dressed up with jewellery, and some women find the others suit them better."

She adds, though: "Black is still the best-seller when I wholesale to stores because it's the safe option, the colour everyone has accessories to go with. But my private customers who come for special orders often want something different."

FOR alternative looks for those alternative evenings:

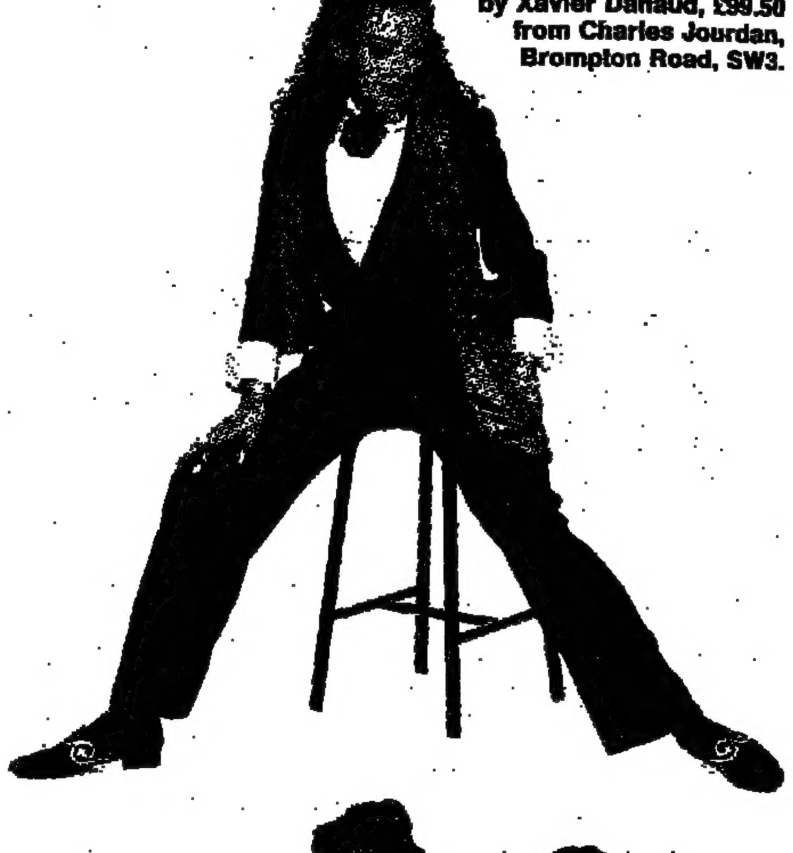
Tuxedos: wool crepe with sequinned lapels, £75 from Fenwick; velvet smoking jacket with beaded tie-belt, £450 from the Harvey Nichols Collection.

Longs: short-sleeved round-necked cheongsam, £179 from Jaeger; stretch jersey with twist front and long sleeves by Jasper Conran, £330 from Harvey Nichols.

Grands: a selection at Donald Campbell, Chelsea Manor Street, SW3; Chelsea Design Company, Sydney Street, SW3; David Fielden, Fulham Road, SW3. Price: the sky is the limit.

Fulls: black and purple satin stripe by Monix, £89.99 to order on 081-531-6622; selection at Tatters, Fulham Road, SW3 and Harrods, SW1, prices from about £500.

Shorts: all-over beaded vest dress by John Charles, £130 from House of Fraser; sequin T-shirt dress, £179 from Jaeger.



TUXEDO TIME: wool crepe jacket, £280, trousers, £143, both from Paddy Campbell, Gees Court, London W1 and Beauchamp Place, SW3, and Sam Browne, Fulham Road, SW3. Satin shirt by Andrea Jovine, £125, velvet scarf by Morgan and Dales, £39.93, both from Fenwick, New Bond Street, W1. Earrings by Pierre Cardin, £24.99 from Selfridges, Oxford Street, WI and Principles branches. Ring, £18.75 from John Richmond, Newburgh Street, WI. Shoes by Xavier Danaud, £99.50 from Charles Jourdan, Brompton Road, SW3.

THE LONG (far right): velour dress with crystal beads, £99, from House of Fraser. Velvet stole, £90, from Georgina von Etzdorf, Sloane Street, SW1. Shoes, £120, from Gina, Sloane Street, SW1. Earrings, £58 from Butler and Wilson. Evening bag, £210 from Louis Vuitton, New Bond Street, W1. Him: dinner suit by Jasper Conran £495, dress shirt, £29.95, bow tie, £14.95, all from Moss Bros. Silk waistcoat by Gaspar Saldanha, £87, from Harrods Way In, Knightsbridge, SW1, Liberty, Regent Street, W1 and Cruise of Glasgow. **THE SHORT** (right): velvet dress, £89, and bolero, £69, by Monix. Cross, £112, choker, £112, bracelet, £78, all from Butler and Wilson.

Pictures by Chris Craymer. Hair and make-up by Karin Darnell for Ellishelen, Walton Street, SW3.

THE GRAND (below and right): satin, lace and beaded dress, £980 to order from Amanda Wakeley, 33, Ifield Road, SW10. Embossed cape, £295 to order from Michele Holden, Beauchamp Place, SW3. Gloves, £21.95 from Fenwick. Tiara, £112 from Butler and Wilson. Earrings, £24.99, bracelets £39.99 and £14.99, all Pierre Cardin as *above. Shoes*, £125 from F.Pinet, New Bond Street, WI. Him: white tie and tails, £56.90, hire from Moss Bros.

THE FULL (above): taffeta skirt, £120, jersey body, £65, from Whistles. Earrings, £12.95, cross, £9.95, net petticoat, £49, from Fenwick. Bracelets, £9.95 each from Harvey Nichols, SWI. Shoes, £125 from Russell and Bromley. Brocade and velvet scarf, £39.99 by mail order from Rolfe Designs, PO Box 2477, London W2 2RP.

TELEVISION

SATURDAY

BBC1

7.00 Champion the Wonder Horse. 7.25 News. 7.30 Spider. 7.35 Animal World. 7.45 Quick Draw McGraw. 7.50 Litt' Bits. 8.15 Chucklevision. 8.35 Bucky O'Hare 9.00 Going Live!

12.12 Weather.

12.15 Grandstand. Including at 12.20 Football: Looking ahead to the weekend's action and reviewing last week's FA Premier League games. 12.45 Racing from Ascot: At 12.50 The HSS Hire-Shops Hurdle Race. 1.00 News. 1.05 Boxing: British and Commonwealth lightweight champion Billy Schwer v former WBO champion Maurizio Acevez at the Wembley Conference Centre. 1.15 Racing: At 1.20 The Youngmans Long Walk Hurdle Race. 1.30 Golf: World Championship. Highlights of the second round from the Tryall Club, Jamaica. 1.50 Racing: At 1.55 The SGB Handicap Chase. 2.05 Showjumping: World Cup from Olympia. 2.55 Rugby League: Live coverage of a quarter-final match in the Regal Trophy. 3.45 Football Half-Times. 3.55 Rugby League: Second-half action. 4.40 Final Score. Times may vary.

5.05 News.

5.15 Regional News and Sport.

5.20 Dad's Army.

5.50 Big Break.

6.20 Noel's House Party.

7.15 Bruce Forsyth's Generation Game.

8.15 Casualty. Julian's relationship with Simon Eastman reaches breaking point and an emotional Sandra has a hard decision to make. A promising young ice-skater's career comes to a premature end when her father accidentally runs over her foot.

9.05 News and Sport; Weather.

9.25 Film: Midnight Run. A bounty hunter (Robert De Niro) is assigned to bring a crooked accountant to justice, leading to a battle of wits. (1988).

11.20 Match of the Day. Ray Stubbs introduces highlights from two of the day's top FA Premier League games.

12.20 Golf: World Championship. Introduced by Steve Rider from the Tryall Club, Jamaica.

1.50 Weather.

1.55 Close.

BBC2

8.05 Film: Unconquered. 11.25 Bird's Eye View. 12.15 pm Film: The Lady Vanishes.

1.50 Network East. The history and glamour of Indian saris, from the dyed Bhandini of Gujarat to the famous Kanjeevaram temple saris from the South.

2.20 Tanhaiyan. Bukhrai changes his stuffy image to attract Sanya.(English subtitles).

3.00 Animation Now. Orson Welles narrates the story of a baby eagle determined to leave the nest.

3.10 Film: Spartacus. "Sword and sandals" epic. Kirk Douglas plays the hero who dares to lead a slave revolt against the might of the Roman Empire. Tony Curtis plays the friend who stands by him until the bitter end. Also starring Laurence Olivier, Charles Laughton, Jean Simmons and Peter Ustinov. Directed by Stanley Kubrick (1960).

6.10 The Swagger Portrait. Newscaster Martyn Lewis, novelist Jeffrey Archer MP, and the Chippendales discuss the portrait exhibition at The Tate Gallery in London.

6.35 Scrutiny. The work of the House of Commons' Select Committees.

7.05 News and Sport; Weather.

7.20 Music on 2: Things Seen to the Right and the Left. Profiling influential French composer Erik Satie.

Last In series; Advent Calendar.

8.35 Have I Got News for You. Clive Anderson and Alan Coren join Ian Hislop, Paul Merton and Angus Deayton for the last programme in the series.

9.05 Performance: Absolute Hell. A tribute to the author, the late Rodney Ackland. Set in the Vie en Rose, a Soho drinking club, the play is a comical account of Bohemian life in London in 1945. Starring Judi Dench.

11.05 Film: Nobody's Fool. Romantic comedy. Rosanna Arquette plays a small-town spinster who falls in love with a visiting theatre technician (Eric Roberts). (1986).

12.55 Close.

LWT

6.00 TV Am. 9.25 What's Up Doc? 11.30 Movies, Movies, Movies. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.

1.05 LWT News; Weather.

1.10 Highdays and Holidays. Jenny Bristow creates a traditional country Christmas with ideas on decorating the house.

1.40 Film: Matlock: The Movie. Legal drama, starring Andy Griffith. A dealer in rare coins invests his trust in Matlock when he is accused of murdering an employee.

3.20 WCW Worldwide Wrestling. Grappling action in the canvas ring.

4.10 Dinosaurs. Monica demands to know what a Wesayso employee meant by his rude comments.

4.40 ITN News and Results; Weather.

5.00 LWT News; Weather.

5.05 Cartoon Time.

5.15 Film: Beverly Hills 90210: The Christmas Movie. American teenage drama, starring Shannen Doherty and Jason Priestley.

6.30 Beadle's About.

7.00 Film: Columbo: Agenda for Murder. Patrick McGoohan stars alongside Peter Falk. McGoohan plays a corrupt lawyer implicated in the death of a notorious racketeer (TVM 1991).

8.45 ITN News; Weather.

9.00 LWT Weather.

9.05 Film: Under Suspicion. Private eye Liam Neeson is drawn into a murder mystery when *femme fatale* Laura San Giacomo hires him to investigate her husband's death. (1991).

10.55 Almost Grown.

11.50 POV Peter Gabriel. The ex-Genesis star performs at the foot of the Parthenon in Athens.

1.25 Get Stuffed; ITN News Headlines.

1.30 The Big E.

2.25 Get Stuffed; ITN News Headlines.

2.30 London Lights.

3.30 New Music.

4.30 BPM.

CHANNEL4

6.00 Early Morning. 10.00 One Stop from Hell. 10.30 Gazzetta Football Italia - With Paul Gascoigne. 11.30 American Football: Play Action. 12.00 Sign On: Your Views. 12.30 pm Songs and Memories.

1.00 Film: Father Brown. Crime comedy. Alec Guinness plays the clerical detective who retrieves a priceless religious artefact from a master-criminal (1954).

2.35 Film: The Amorous Prawn. Fast-moving farce with Joan Greenwood as an impoverished general's wife who turns her Highland home into a luxury hotel for visiting Americans. Cecil Parker also stars (1962).

4.15 The Memphis Belle. Documentary made in 1944 about the flying fortress Memphis Belle and her crew.

5.00 Half Baked. Plasticine animation about sharing responsibilities.

5.05 Brookside.

6.30 Right to Reply. Sheena McDonald introduces viewers' reports and ideas about TV.

7.00 A Week in Politics. Vincent Hanna and Andrew Rawnsley with parliamentary news.

8.00 The Big Battalions. In the last programme of the series, Edward and Martha face the failure of their marriage and his loss of faith. Starring Brian Cox and Jane Lapotaire.

9.00 Americana. Jonathan Ross presents the second in his three-part series on life in the USA.

10.00 Film: Tenue De Soiree. Social satire. Gerard Depardieu as a burglar triggers strange events when he involves a married couple in a robbery. (1985).(English subtitles).

11.35 Pallas. Final episode of the irreverent royal soap opera.

11.55 Let the Blood Run Free. Last episode of the Australian comedy.

12.25 The Happening.

1.25 The Word.

2.25 Film: The Devil Commands. Boris Karloff as a mad scientist trying to contact his dead wife through a shady medium (1941).

3.35 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
1.05 Anglia News. 1.10 The Life and Times of Grizzly Adams. 2.05 Sands of the Desert. (1960) 3.50 WCW Worldwide Wrestling. 5.00 Anglia News and Sport 9.00 Regional Weather. 10.55 Penn and Teller.

CENTRAL:
1.05 Central News 1.10 The Life and Times of Grizzly Adams. 2.05 Carry On Cowboy. (1965) 3.50 WCW Worldwide Wrestling. 5.00 Central News 5.05 The Central Match - Goals Extra. 9.00 Local Weather. 10.55 To Catch a King. (TVM 1984)

CHANNEL:
11.30 The Munsters Today. 1.05 Diary Dates. 1.10 The Life and Times of Grizzly Adams. 2.35 Stagecoach. (1966) 5.00 Channel News. 5.05 Puffin's Pla(i)ce. 10.55 The Young Riders.

GRAMPIAN:
1.05 Grampian Headlines 1.10 Calpteen Planald. 1.45 Savannah Smiles. (1982) 3.50 WCW Wrestling. 5.00 Grampian Headlines and Weather 5.05 Cuirm Cloinne. 9.00 Grampian Weather. 10.55 POV Peter Gabriel.

GRANADA:
11.30 Zorro. 1.05 Granada News 1.10 Kick Off. 1.30 Tiger of the Seven Seas. (1962) 3.00 Granada Sports World. 5.00 Granada News 5.10 Granada Goals Extra. 10.55 POV Peter Gabriel.

HTV:
1.05 HTV News. 1.10 Ironman World Triathlon Championships 1992. 3.05 The Overlanders. (1946) 5.00 HTV News and Sport

HTV Wales as HTV except:
No variations.

SCOTTISH:
1.05 Scotland Today. 1.10 Calptean Planald. 1.40 Backstage. 1.50 Coach. 2.20 Christmas at the Movies. 3.15 Highway to Heaven. 4.10 Bullseye. 5.00 Scotsport Results. 5.10 Scotland Today 9.00 Scottish Weather. 10.55 First Monday in October. (1981)

TSW:
11.30 The South West Week. 1.05 TSW News. 1.10 Off the Hook Special. 2.05 The Scarlet and the Black. (TVM 1983) 5.00 TSW News. 5.05 Gus Honeybun's Cartoon Time. 9.00 TSW Weather. 10.55 POV Peter Gabriel.

TVS:
11.30 The Munsters Today. 1.05 TVS News. 1.10 The Life and Times of Grizzly Adams. 2.35 Stagecoach. (1966) 5.00 TVS News. 10.55 The Young Riders.

TYNE TEES:
1.05 Tyne Tees News. 1.10 The Channon and Ball Video Show. 1.40 Motor Sport Special. 2.10 Pippi Goes on Board. (1968) 3.45 McCloud: A Walk in the Dark. 5.00 Tyne Tees Sport Special. 10.55 POV Peter Gabriel.

YORKSHIRE:
11.30 The Mountain Bike Show. 1.05 Calendar News. 1.10 The A-Team. 2.05 The Apple Dumpling Gang Rides Again. (1979) 3.45 McCloud: A Walk in the Dark. 5.00 Calendar News. 9.00 Local Weather. 10.55 POV Peter Gabriel.

S4C Wales as Channel 4 except:-
10.00 Jeffin. 12.00 Happy Days. 12.30 The Cosby Show. 4.15 The Perfect Fit. 4.45 The Three Stooges. 6.30 The Magic Roundabout. 6.35 Now You're Talking. 7.00 Newyddion Nos Sadwrn. 7.15 Bacha Hi O'Ma. 8.00 Deryn. 8.55 Tocyn Tymor. 9.45 Pallas. 10.00 Americana. 11.00 Les Valseuses. (1974)

SUNDAY

BBC1

7.35 Film: In Name Only. 9.05 Good Morning with Anne and Nick - Advent Calendar. 9.10 News. 9.15 The Promise of His Glory. 10.00 CountryFile.

10.25 Film: Half a Sixpence. Musical, with Tommy Steele. (1967).

12.45 Cartoon.

12.55 Weather for the Week Ahead; News.

1.00 Joy to the World. Peter Bowles, Patricia Hodge, Roger Moore and Cliff Richard are among the celebrities who gather in the presence of the Duchess of Kent to tell the story of Christmas.

2.00 EastEnders.

3.00 Eldorado.

3.30 Film: Prancer. A young farm girl nurses a wounded reindeer back to health. Starring Rebecca Harrell (1989).

5.10 The World of Peter Rabbit and Friends. Animated version of Beatrix Potter's tales.

5.35 The Clothes Show. The Christmas Roadshow from Boston in Lincolnshire.

6.00 Lifeline. Professor Heinz Wolff appeals on behalf of REMAP GB, a volunteer group who design and construct special life-improving devices for anyone who is disabled.

6.10 News.

6.25 Songs of Praise from St George's Chapel, Windsor. A celebration of Christmas from the Queen's castle.

7.15 Last of the Summer Wine. Last programme in the series, starring Bill Owen, Peter Sallis and Brian Wilde.

7.45 So Haunt Me.

8.15 The Hummingbird Tree. Patrick Bergin heads the cast of this love story set in 1940s Trinidad. A 12-year-old boy forms a close relationship with his family's East Indian servant girl. His parents disapprove when the friendship becomes a romance.

9.35 Porridge.

10.20 News and Weather.

10.35 Everyman.

11.25 Golf: World Championship. The final round from Jamaica of the last tournament in the golfing year.

12.55 Tanhaiyan. (English subtitles).

1.35 Weather.

1.40 Close.

BBC2

7.00 Felix the Cat. 7.15 Playdays. 7.40 Smoggies! 8.05 Telling Tales. 8.20 Orville and Cuddles. 8.25 Bitsa. 8.45 Gentle Ben. 9.10 The Wetter the Better. 9.35 Thundercats. 10.00 Kevin and Co. 10.25 Blue Peter Omnibus. 11.15 The O Zone. 11.30 Shakespeare: The Animated Tales. 12.00 Thunderbirds. 12.50 pm The Invaders.

1.40 Tex Avery. Cartoon.

2.00 Around Westminster. A review of the week in politics.

2.30 International Showjumping. Horse show from the Grand Hall, Olympia. Competitions include the Christmas Knockout and the puissance wall-jumping challenge.

3.20 Kullervo. Sir Colin Davis conducts Sibelius' symphonic work as part of the Barbican Centre's Scandinavian festival.

4.50 Rugby Special. London v the North and Leicester v the South and South West in the ADT Divisional Championship.

5.45 Life with Eliza. New series. John Sessions stars in this 12-part comedy based on Barry Pain's Eliza stories about a pompous social-climbing Edwardian clerk.

5.55 Ski Sunday. David Vine introduces slalom racing from Kranjska Gora, Slovenia.

6.25 Film: A Christmas Story. Family comedy following a young boy growing up in 1940s America. Peter Billingsley plays the youngster who hopes to receive his ideal present on Christmas morning (1983).

7.55 Realms of the Russian Bear. Concluding the natural history series. Nikolai Drozdov examines environmental contrasts in Russia's far eastern regions.

8.45 The Cry. A music video for Advent, featuring musician Evelyn Glennie. The Cry of Gabriel, by Yorkshire-born composer Keely Hodgson, uses percussion to evoke the arrival of the Archangel Gabriel at Mary's home.

9.05 Film: Crossing Delancey. Premiere of romantic comedy set in 1890s New York. (1988).

10.40 Funny Business. Are jokes about sex, war, death, race and religion funny - or simply bad taste? A fictional BBC production team finds out.

11.35 Film: Frenzy. A respectable businessman (Jon Finch) is accused of murder. Hitchcock thriller. (1972).

1.35 Close.

LWT

6.00 TV Am. 9.25 The Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 Encounter. 12.30 pm LWT News Weekend; Weather.

1.00 ITN News; Weather.

1.10 The Smurfs Christmas Special.

1.40 Bullseye.

2.10 The London Match. Newcastle v Millwall. Ian St John introduces live coverage from St James' Park. Gabriel Clark reports on the match between Brentford and West Ham at Griffin Park.

4.40 Baywatch.

5.35 Wish You Were Here? Judith Chalmers goes Christmas shopping in Paris. Jimmy Tarbuck and his wife investigate golfing holidays in the Algarve and John Carter describes the Lost City, Africa's multi-million-dollar theme park.

6.05 ITN News; Weather.

6.10 LWT News; Weather.

6.15 Highway Special. Roy Castle, John Nettles and Gilbert O'Sullivan join Sir Harry Secombe in the Channel Islands.

7.15 Second Thoughts.

7.45 A Touch of Frost. Det Insp Jack Frost has his hands full when an MP's son is involved in a hit-and-run accident, a casino is robbed and a police officer goes missing. David Jason stars in the last programme of the series, with Sue Johnston.

9.45 ITN News; Weather.

10.00 LWT Weather.

10.05 The New Statesman. Alan B'stard searches for Robert Maxwell's missing millions in an attempt to increase his own pension plan. Rik Mayall as the scheming politician.

10.35 The South Bank Show. Profile of Jimi Hendrix. Mitch Mitchell and Noel Redding, both former members of the Jimi Hendrix Experience, discuss working with him.

11.50 Cue the Music. The Police in concert.

12.50 Get Stuffed; ITN News Headlines.

12.55 The ITV Chart Show.

1.55 Get Stuffed; ITN News Headlines.

2.00 Film: Amazons. Thriller, with Stella Stevens and Nicholas Pryor (1983).

3.45 Out of Limits.

4.00 Pick of the Week.

4.30 Memories of 1970-1991.

CHANNEL4

6.00 Early Morning. 9.25 Laurel and Hardy. 9.30 Dennis. 9.45 Flipper. 10.15 Film: Sword of Monte Cristo. 11.45 Little House on the Prairie.

1.10 Film: Passport to Pimlico. Stanley Holloway and Margaret Rutherford star in Ealing comedy. (1949).

2.40 Film: The Titfield Thunderbolt. Family comedy about a local community's attempts to keep their under-used railway line open. (1952).

4.15 Transformations. New series. How human beings relate to their surroundings. The programme looks at contradictory attitudes towards nature.

5.10 News.

5.15 High Interest: South Africa's Black Economy. Examining the struggle of South Africa's black community to achieve economic independence.

6.00 The Miraculous Mellops.

6.30 The Cosby Show.

7.00 Equinox: ET, Please Phone Earth. On NASA's multi-million dollar mission to find alien life. The agency's latest project to reach intelligent life beyond the stars involves sending messages and listening for their replies with high-powered radio telescopes. If alien life does try to make contact, should the call be returned?

8.00 Poetry in Motion. Booker Prize-winning novelist AS Byatt examines the treatment of grief and death in poetry. The last programme in the series includes verses by Jonson, Milton, Wordsworth and Auden.

8.30 American Football. Mick Luckhurst and Gary Imlach present highlights from the day's featured game.

10.00 Film: The Man with Two Brains. Steve Martin as a brilliant surgeon who finds an alternative to his failing marriage when he falls in love with a human brain (voiced by Sissy Spacek). Comedy, with Kathleen Turner and David Warner (1983).

11.40 European Film Awards.

12.25 Film: Opera Do Malandro. Offbeat musical set in Brazil during Second World War. Starring Chico Buarque and Edson Celulari (1986).(English subtitles).

2.25 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Gardening Time. 12.50 Anglia News. 1.10 The Prince and the Pauper. (1962) 3.25 Baywatch. 5.05 Bullseye. 5.35 Animal Country. 6.10 Anglia News. 10.00 Regional Weather.

CENTRAL:
12.30 Gardening Time. 12.55 Central News 1.10 Earthlife. 1.15 Return to Kashmir. 1.45 Biggin Hill International Air Fair 1992. 2.45 The Central Match - Live. 5.00 Bullseye. 5.30 On Location with Heartbeat. 6.10 Central News 10.00 Local Weather. 11.50 The Equalizer.

GRANADA:
12.25 What the MPs Say. 12.55 Granada News 1.10 The Wonderful World of Disney. 2.00 Cartoon. 2.10 Granada Action with the A Team. 2.40 The A-Team. 3.35 Wish You Were Here? 4.05 House Style. 4.35 Bullseye. 5.05 Coronation Street. 6.10 Granada News. 11.50 Prisoner: Cell Block H.

HTV:
12.30 The Nature of Things. 12.55 HTV News. 1.10 Snow White Christmas Special. 2.05 Children's Island. 2.35 WCW Worldwide Wrestling. 3.25 The Night We Dropped a Clanger. (1959) 5.05 Bullseye. 5.35 Animal Country Awards. 6.10 HTV News.

HTV Wales as HTV except:
No variations.

SCOTTISH:
10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Sunday Service. 12.30 Talking Pictures. 12.55 Scotland Today. 1.10 Scottish Books. 1.40 A Garfield Christmas Special. 2.05 The Bishop's Wife. (1947) 4.05 Baywatch. 5.00 Scotsport. 6.10 Scotland Today 10.00 Scottish Weather. 11.50 Lisa Stansfield - Live at Wembley.

TSW:
12.30 TSW Farming Week. 12.55 TSW News. 1.10 Jack Thompson Down Under. 1.40 Off the Hook. 2.10 Gus Introduces Frootie Tooties. 2.20 What a Way to Go! (1964) 4.35 Bullseye. 5.05 Cobblestones, Cottages and Castles. 5.35 Animal Country. 6.10 TSW News. 10.00 TSW Weather. 11.50 Prisoner: Cell Block H.

TVS:
12.30 TVS News. 12.35 The Entertainers. 1.10 Snow White Christmas Special. 2.00 The Adventures of Black Beauty. 2.30 Pete's Dragon. (1977) 5.05 Bullseye. 5.35 Animal Country. 6.10 TVS News.

TYNE TEES:
12.25 The Wild World of the East. 12.55 Tyne Tees News. 1.10 Disney's All Star Comedy Circus. 2.10 The Tyne Tees Match. 4.40 The Making of Heartbeat. 5.05 Animal Country Awards. 5.35 Parents. 6.10 Tyne Tees News. 11.50 Night Games. (TVM 1974)

YORKSHIRE:
12.25 The Littlest Hobo. 12.50 News. 1.10 The Wonderful World of Disney. (mm) 2.05 Highway to Heaven. 2.55 Your Match - Live. 5.05 Animal Country Awards. 5.35 Calendar. 10.00 Weather. 11.50 Night Games. (TVM 1974)

S4C Wales as Channel 4 except:-
7.00 Early Morning. 9.45 Miraculous Mellops. 10.15 Happy Days. 10.45 Voyage to the Bottom of the Sea. 1.10 Starad Plson. 1.30 The Black Swan. (1942) 3.05 The Three Stooges. 3.25 Equinox: Toying with the Future. 4.25 Desmond's. 4.55 Dechrau Canu, Dechrau Canmol. 5.30 Pobol y Cwm. 7.05 Holl Hwn a Holl Llall. 8.00 Pris y Farchnad. 9.00 Hel Straeon.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Nick Barraclough's New Country. 1.00 I'm Sorry I'll Read That Again. 1.30 Pull the Other One. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Christmas Turkeys! 5.00 Rediscovering Yesterday. 6.00 Things are Swinging! 7.00 Behind the Hits. 7.30 The Magic of Christmas. 9.30 Easy Does It. 10.00 Ronnie Hilton. 11.00 The Arts Programme. 1.00 John Terrett. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.55 Weather.
7.00 Record Review.
1.00 News.
1.05 Mozart's Violin Sonatas.
2.25 Britannia Triumphans.
3.00 Solti.
5.00 Jazz Record Requests.
5.45 Third Opinion.
6.30 Don Carlos.
9.55 The Afterlife.
10.20 Debussy and Schumann.
11.15 Glasgow Jazz Festival.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 I'm Sorry I Haven't a Clue.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444.
2.30 Saturday Playhouse.
4.00 Age to Age.
4.30 Science Now.
5.00 Costing the Earth.
5.25 Tea Junction.
6.00 News and Sports Round-Up.
6.25 Week Ending.
6.50 The Locker Room.
7.20 Kaleidoscope.
7.50 The Boy with a Cart.
8.50 Conversation Piece.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Open Mind.
10.45 Worlds Apart.(gw)
11.00 Richard Baker Compares Notes.
11.30 Dear Diary.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
8.30 Weekend Edition.
9.30 Get Set.
10.30 Tales of the Texas Rangers.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
5.00 Sports Report.
6.06 Six-O-Six.
7.30 Le Top.
9.00 Afropop Worldwide.
10.15 On the Level.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; The World Today. 6.30 Programmes in French. 7.00 Newsdesk. 7.30 People and Politics. 8.00 News; Words of Faith; A Jolly Good Show. 9.00 News; Business Report; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now and Then; Letter From America. 10.30 Waveguide; Book Choice; From The Weeklies. 11.00 Newsdesk. 11.30 BBC English. 11.45 Mittagsmagazin: News in German. 12.00 News; Words of Faith. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News; Sportsworld continued. 4.00 News; News About Britain; BBC English. 4.29 News Headlines in French. 4.30 Programmes in German. 5.00 News Summary; Sportsworld. 5.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes in German. 8.00 News; Personal View; Words of Faith. 8.30 Europe This Weekend. 8.55 European Sports News. 9.00 Newshour. 10.00 News; Meridian. 10.45 Sports Roundup. 11.00 News; Words of Faith; Book Choice; A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary. 1.01 Play Of The Week: The White Carnation. 2.00 Newsdesk; Europe At The Time. 3.00 News; News About Britain. 3.15 Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 News. 4.15 Under Threat. 4.30 Business Review. 4.45 Programmes in German.

CLASSIC FM 6.00 Sarah Lucas.
9.00 Classic CD Chart Rundown.
12.00 Petroc Trelawny.
3.00 Adrian Love.
6.00 Classic America.
7.00 The Metropolitan Opera.
10.00 Classic Quiz.
12.00 Andre Leon.
2.00 Classic CD Chart Rundown.
4.00 Classic America.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Sing Something Seasonal. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.05 Nick Barraclough's New Country. 1.00 John Terrett. 4.00 Alex Lester.

BBC RADIO 3
6.55 Weather.
7.00 Morning Concert.
9.00 News.
9.05 Brian Kay's Sunday Morning.
12.00 Spirit of the Age.
1.00 News.
1.05 Table Talk's History of the World.
1.20 Howells Centenary Concert.
3.05 Britannia Triumphans.
3.35 Berg.
4.40 Haydn before and after Paris.
5.30 The Hunting of the Snark.
6.30 Joaquin Achucarro.
7.30 Sunday Play.
9.30 Beethoven.
11.00 Music in Our Time.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.40 Sunday.
8.00 News.
8.10 Sunday Papers.
8.50 Norman Willis.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Christmas Spirits.
3.15 Pat Hobby's Christmas Wish.
3.30 The Radio Programme.
4.00 Analysis.
4.47 Treasure Islands.
5.00 Coastline.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 Feedback.
6.30 Europhile.
7.00 The Best of Fear on 4.
7.30 Bookshelf.
8.00 Punters.
8.30 American Journals.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 With Great Pleasure.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
8.30 Weekend Edition.
10.00 Johnnie Walker.(u)
11.30 Fantasy Football League.
12.30 Sunday Brunch.
1.30 Sunday Sport.
5.00 The Mark Steel Solution.
5.30 Animal Talk.
6.00 Writers' Weekly.
6.30 Education Matters.
7.00 Sportsdesk.
7.15 Le Noel Top.
8.00 Christmas Afropop.
9.00 Box 13.
9.30 Club Class.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; Letter From America. 6.30 Programmes in French. 7.00 Newsdesk. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith; Classics with Kay. 9.00 News; Business Review. 9.15 Short Story: Christmas Shopping. 9.30 Folk in Britain. 9.45 Sports Roundup. 10.00 News Summary; Science in Action. 10.30 In Praise of God. 11.00 Newsdesk; BBC English. 11.45 News and British Press Review in German. 12.00 News Summary. 12.01 Play Of The Week: The White Carnation. 1.00 Newshour. 2.00 News Summary. 2.01 It's Your World Service Concert Hall. 4.00 News; News About Britain. 4.15 BBC English. 4.29 News Headlines in French. 4.30 Programmes in German. 5.00 News and Business Review. 5.15 Club 648. 5.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes in German. 8.00 News; Folk in Britain; Words of Faith. 8.30 Europe Tonight. 9.00 Newshour. 10.00 News; Meridian. 10.45 Sports Roundup. 11.00 News; Business Review; Classics with Kay. 12.00 Newsdesk. 12.30 In Praise Of God. 1.00 News Summary; Dinosaurs Alive. 1.45 Jerome Kern Among Friends. 2.00 Newsdesk. 2.30 Composer Of The Month: Sir Michael Tippett.(#) 3.00 News; News About Britain. 3.15 Sports Roundup. 3.30 Anything Goes. 4.00 World News. 4.15 On Screen. 4.30 Waveguide. 4.45 Programmes in German.

CLASSIC FM 6.00 Sarah Lucas.
9.00 Classic Romance.
12.00 CD Requests.
2.00 Celebrity Choice.
3.00 Robert Booth.
7.00 Authentic Performances. (ex)
8.00 Classic FM Concert.
10.00 Sunday Night Out at Smollensky's.
11.00 Contemporary Classics.
12.00 Andre Leon.
2.00 Classic Romance.
3.00 Andre Leon.

BRIDGE

MY HAND today, which comes from rubber bridge, is most instructive. Let us study By Question and Answer:

N
♠ 8 7 6 3
♥ 7 5
♦ 10 8 5 4
♣ A K 6

W
♠ 5 4
♥ K Q J 9
♦ A Q 9 3
♣ Q J 9

E
♠ 10 2
♥ 10 6 4 3
♦ 7 6 2
♣ 10 8 4 3

S
♠ A K Q J 9
♥ A 8 2
♦ K J
♣ 7 5 2

West was the dealer with East-West vulnerable, and opened the bidding with one heart. This was followed by two passes, and South reopened with two spades. West passed, and North's raise to four spades concluded the auction.

West started off with the heart king and the declarer, who had read about some hands in which it was correct to duck the first trick, decided to withhold his ace. West, who was a first class player, at once switched to queen of clubs, dummy played the king, and East dropped the eight. The declarer returned the diamond four and finessed the knave, taken by the queen. West led back the knave of clubs. South won with dummy's ace, drew trumps, and conceded a club trick for a penalty of one trick.

Let us replay the hand with an expert in the South chair. When West leads the heart king and dummy goes down, declarer counts eight top tricks with one heart ruff and one establishable diamond. But there are four possible losers.

He then asks himself: how can I hold my losers to three and so secure my contract? The answer is: by refusing to hold up and by rejecting the finesse.

He takes the heart king, draws trumps in two rounds and plays his diamond king. West wins and switches to the queen of clubs. The king wins and dummy returns another diamond. West takes and persists with another club, but now declarer can throw his losing club on the diamond 10.

E.P.C. Cotter

CHESS

GROWING interest in chess for older players after Fischer vs Spassky, and for women due to the Polgar sisters, led to an interesting match recently. Dutch millionaire Joop van Oosterom financed a series on the Caribbean island of Aruba between six former world title candidates led by Smyslov and Geller and six women GMs, including the Polgars.

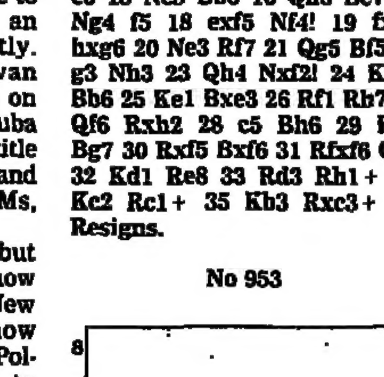
The veterans won 39-33 but Judit Polgar, 16, stole the show with an unbeaten 7½/12. New Fide world rankings show Gary Kasparov at 2,805 but Polgar, at 2,595, is poised to become the first woman to achieve the super-grandmaster level of 2,600.

Polgar's rumoured match with Bobby Fischer has still not been confirmed. Some believe that Fischer, who once claimed he could give any woman knight odds, is backtracking after a look at Judit's games and results.

Here, she wins in Fischer style, sacrificing pawns to expose the king, against a former German No 1 (W. Uhlmann, White; J Polgar, Black; King's Indian Defence; Aruba 1992).

1 c4 g6 2 e4 Bg7 3 d4 d6 4 Nc3 Nf6 5 Be2 0-0 6 Bg5 Na6 7 Qd2 e5 8 Nf3 Qe8 9 dxe5 dxe5 10 Rd1 Nc5 11 Bxf6 Bxf6 12 Nd5 Bd8 13 Qe3 Ne6 14 Nxe5 c6 15 Nc3 Bb6 16 Qh6 Bc7 17 Ng4 f5 18 exf5 Nf4! 19 fxg6 hxg6 20 Ne3 Rf7 21 Qg5 Bf5 22 g3 Nh3 23 Qh4 Nxf2! 24 Kxf2 Bb6 25 Ke1 Bxe3 26 Rf1 Rb7 27 Qf6 Rxh2 28 c5 Bh6 29 Rd6 Bg7 30 Rxf5 Bxf6 31 Rfxf6 Qe3 32 Kd1 Re8 33 Rd3 Rh1+ 34 Kc2 Rc1+ 35 Kb3 Rxc3+ 36 Resigns.

No 953



White mates in three moves against any defence (by B Casacci, 1959). Look for an obscure key move with a subtle follow-up.

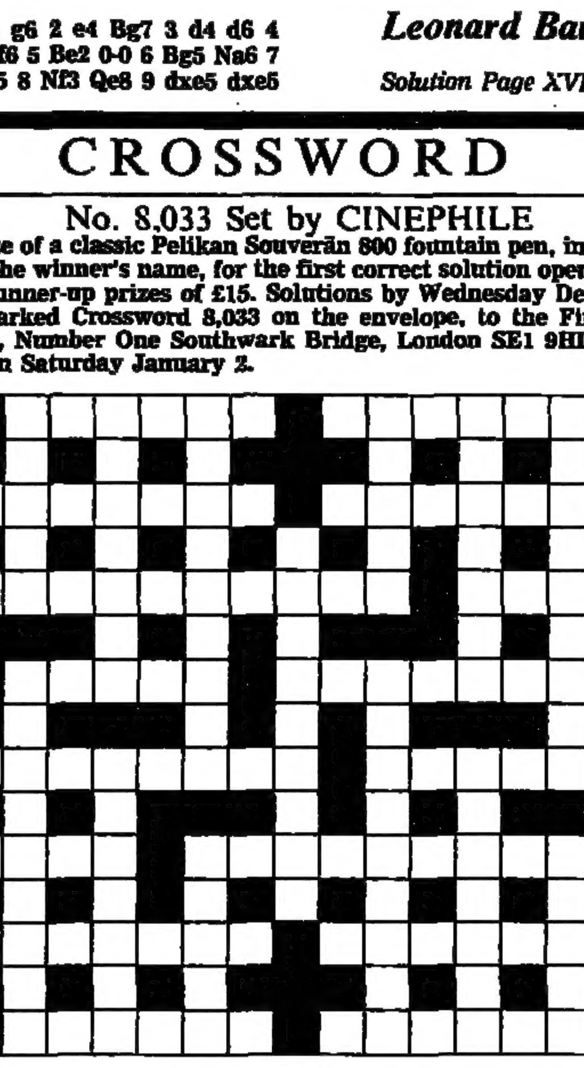
Leonard Barden

Solution Page XVII

CROSSWORD

No. 8,033 Set by CINEPHILE

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name, for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday December 30, marked Crossword 8,033 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday January 2.



Name...

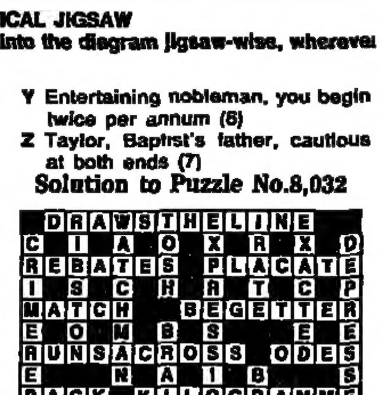
Address...

ALPHABETICAL JIGSAW

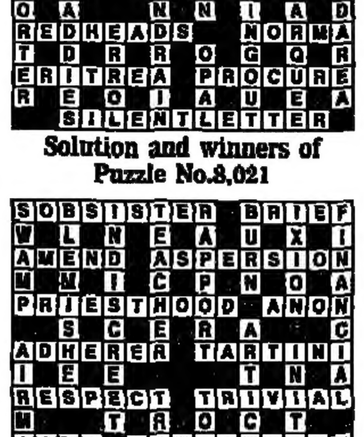
Solve the clues and fit the solutions into the diagram jigsaw-wise, wherever they will go.

A Novel depicting a lady without somewhere to sleep (4,4)
B Where I come from, as the Tory party did in 1963 (4,4)
C Wife from Prague, say? The game's over (9)
D Having died, relative could be frightening (5)
E Northumbrian king shaken by east wind (5)
F Quite a distance, of course (7)
G Port, briefly German, with solution in Greek (6)
H Origin of trotters' ancestor, born in village and getting on (9)
I Public house, once reformed establishment of blameless character (9)
J New Year's Day get-together outside place of rock singer (5,6)
K Monk was in trouble with relative (9)
L Parrot gets right inside vehicle (5)
M Spring examination of town official (7)
N Ancient city vehicle partly numbered in front (7)
O Bone-breaker has broken toes and firm back at the end (10)
P Saw wanderer in non-U public house (7)
Q Antipyretic, one of five in English (7)
R Bird with nest or bare bird? (5,9)
S Put up with standard whisky producer — stay just where you are (5,5,5)
T City of steel was first in as well (6)
U Shelley's Prometheus in paperback? (7)
V Promises taken with habit? (4)
W Vigilante caught in the war, possibly (7)
X It shows up ten gunners next (1-3)
Y Entertaining nobleman, you begin twice per annum (6)
Z Taylor, Baptist's father, cautious at both ends (7)

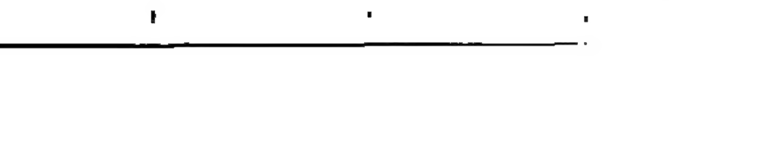
Solution to Puzzle No.8,032



Solution and winners of Puzzle No.8,021



E. Feinberg, Cliffside Park, New Jersey, USA; R.E. Cornell, Sheffield; J.H. Entwisle, Willington, Cheshire; Kate Morris, Alcester, Warwickshire; R. Rogers, Wellingborough, Northants; N. Stone, Leatherhead, Surrey.



General Dmitri Volkogonov is the ex-Stalinist who advises Yeltsin and is in charge of the Communist party, state and KGB archives

Private View/**Christian Tyler**

The general recants

THE GENERAL remembers it very well. "I was eight or nine years old. I remember how my mother took me and my sister to this place; we had just a couple of bundles of clothes. It was a terrible time and we saw these camps – wherever we looked, there were concentration camps."

The year was 1937, the height of Stalin's purges, and the general's father had been executed in the small Pacific town of Nakhodka. The rules dictated that the family be exiled – which usually meant to the east.

"Since for us that would have meant the Pacific Ocean" – he laughed drily – "and since it was not Stalin's custom to exile people to the Hawaiian islands, we were sent to the Krasnoyarsk region in western Siberia."

Colonel General Dmitri Antonovich Volkogonov has inherited, almost literally, the legacy of his Communist past. For, in addition to his role as senior military adviser to President Boris Yeltsin of Russia, he is chairman of the commission which is declassifying the state, party and KGB archives.

Paradoxically, part of his own story remains hidden.

"Even though I have total access to all the most secret papers," he said, "I have been unable to discover exactly when and where my father was shot and where he is buried." All he knows is that Stalin, after signing his father's death warrant, went off to the theatre.

Ideologically, Volkogonov has travelled further – though not faster – than most of his bewildered countrymen. In spite of his father's execution and his mother's early death in exile, he became a zealous Stalinist, a hardliner who rose rapidly through the ranks to emerge a leading commissar: deputy chief of the political indoctrination bureau for the armed forces.

Gradually, he began to live a sort of double life, using his privileged access in order to research Stalin's purges. He had to quit his commissar post. Editorship of a history of the second world war cost him his job as director of the Institute of Military History.

He was the first general to leave the Communist Party and join Yeltsin, before the failed coup in August, 1991. He is a deputy of the Russian parliament (from the same region as Viktor Chernomyrdin, the new prime minister) where he leads a small liberal grouping.

What Volkogonov calls his "agonising, long process of reappraisal" includes a blockbuster biography, *Stalin: Triumph and Tragedy*, begun in the late 1970s when he was still writing socialist utopian tracts, and published three years ago under *glasnost*. (It is now available in English).

A study of Trotsky followed and he is working on Lenin, a book which he says "will be my most liberated". The man he once revered as a genius he now describes as "a great revolutionary but not a great character. Lenin's ideas flew very high but in the wrong direction".

We discussed the explosive potential of the archives in his charge, some of which have already been opened to foreign researchers but some of which, especially the later KGB material, may be held back under a 30-year rule due to be enacted next year.

There are 600,000 dossiers on people Stalin threw into the meatgrinder. Many, under torture, invented terrible lies to incriminate others.

"Thousands of people worked as undercover agents. We can not predict the outcome if we were to publish these lists. It is very difficult to know how far to go." It was like taking organs from the dead without the family's consent.

There are gaps in the record. One concerns Krushchev's celebrated closed-session speech to the 20th Party Congress in 1956. "It was an extremely brave step," the general said, "because Krushchev was part of the process he was de-Stalinising.

"He asked for every document to be brought to him that had his signature on it. The former head of the KGB, Shelepin, told me he took Krushchev a huge pile of papers. I asked Shelepin: 'Well, where have the papers got to?' Shelepin paused for a moment and then he said: 'I suspect he burned them all on a bonfire at his dacha.'"

I pointed out to the general that he, too, is part of his own de-Stalinising process. He was unruffled.

"Without any doubt. I've never hidden the fact that I was part of the process and I would accept that I was one of those who did a lot to strengthen the totalitarian system . When I was a lieutenant, I was a zealous Stalinist. When Stalin died, I thought the sky was going to fall in. For many years, I was an orthodox Marxist.

"On the other hand, for many years I also felt we were going up a blind alley. And I was one of the first to say, in 1986 at the very beginning of perestroika, that political officers in the army should be abolished."

Why did you say nothing before?

"Well, I knew that there was a lot wrong but, like Gorbachev, I thought the system had the ability to reform itself and that it would be reformed from within. My excuse is that if you look at any of the books I wrote when I was, as it were, a hardline Stalinist, you will not find any references to Krushchev or Brezhnev or Stalin. I did not pay lip-service in the way that an orthodox Marxist-Leninist would have done. It is my only excuse."

He described his speech to the 1990 party congress, when he warned that the party would die unless it dropped marxism-leninism. "There was an incredible uproar in the hall. They stamped and shouted and would not let me speak. How could it be that a three-star colonel-general could get up and speak against the party?

"I regard my own past as part of the evolution of the Russian intelligentsia. But I have never denied my responsibility for things I was party to."

But how on earth did you explain to yourself the death of your own father?

"You have to remember that my mother also died in exile. I explained it to myself as a terrible, tragic mistake of history. Many people had the same attitude to similar tragedies. The whole system, somehow, was making these errors. Nobody blamed Stalin. Forty years ago, one had no conception of the real essence of the system. One lived *in* it.

"When I later discovered just how many of my family and close relatives had been liquidated – and many of them had – I felt we had all been held in the bloody claws of the most tyrannical regime that the world had ever known."

But would not the natural reaction of a child in your circumstances be to grow up hating the system?

"The fact is we were brought up to believe this was the perfect system. Since infancy, I was taught that the world was only waiting to destroy the Soviet Union. We believed there were enemies. We believed that Stalin was the wisest of men."

The general's voice rose. "We believed that in ten or 15 years, we would live in Paradise. Everyone was somehow shackled by the ideas of primitive dogmatism. The worst crime that you can commit against a people is the spiritual crime, a crime against thought. And I have finally managed after 25 years to drop this terrible burden of ideology and dogmatism."

The deeper the intellect, the more dramatic the conversion. This renegade general has doctorates in both philosophy and history and it is easy to conclude that the philosophy (which in the USSR meant Marxism-Leninism though he has read British and German thinkers, too) was overturned by the history.

I asked about the future. Volkogonov thinks the danger of civil war is real, but avoidable by means of compromise and coalition. He is now convinced that the socialist system must be destroyed before Russia can become what he calls "a civilised society", a process that he says will take a decade.

Russia had to be eclectic, and distinctions between "socialism" and "capitalism" were fruitless. "I do not think there has ever been an ideal society on earth. There is not and there will not be."

Are you still, in any sense, a socialist?

"Socialism has the same right to exist, as an idea, as other philosophies. One idea of socialism I do believe can survive, one it took from Christianity, and that is the idea of social justice."

You are like a man who has lost his religion, I said finally. What do you put in its place?

"It is wrong for a man to believe in corporate values. We are people who live all on the same planet and mankind has to devise universal principles, truths and values.

"Therefore, in place of Marxist ideology, we have to put universal human values. We do not have to invent them. They have always existed.

"We merely have to affirm them, the eternal values such as those espoused by Cromwell, Kemal Ataturk and Peter the Great: nobility, bravery, honesty, decency, conscience."

Raking in a lucrative cut for the croupier

Dominic Lawson says plans for a national lottery are a bizarre reversal of Tory policy

THIS is the time of the year when I am accustomed to panic. So many relatives, a surprising number of friends, and so little imagination. In other words, I am haunted by the spirit of Christmas Giving. But this Christmas, I have worked everything out. I shall ask all my best friends and relatives to make a donation to The Dominic Lawson Christmas sinking fund. Then I shall put all their names into a hat. The winner shall receive about half to three-quarters of the fund (I have not made up my mind exactly how much) as a bumper present, to spend as he or she wishes.

The remainder I shall spend on what I consider to be worthy causes, such as the opera. I shall support the opera by keeping the money myself and spending it on attending the biggest loss-making productions at Covent Garden. It goes without saying that I shall make no contribution to the fund, but, in the spirit of Christmas, I shall not charge my friends for my time spent in administering and dispensing the fund.

This idea is not mine, I claim no credit for it. It is merely borrowed from the government, which on Thursday revealed its plans for a national lottery. Essentially, it works just like the Dominic Lawson Christmas sinking fund. Indeed, according to a report on the matter in yesterday's *Daily Telegraph*: "The national lottery...senior government sources are describing as 'the government's Christmas present to the nation.'"

Thank you, Mr Secretary of State, how did you know it was exactly what I wanted? And to think all I have given your lot is my pathetic taxes. The introduction of a national lottery was not just a Conservative commitment during the last election campaign. It was also firmly written into the Labour party's manifesto. There, it fitted in perfectly. But for a Tory government, it is a bizarre reversal of everything that Conservatism has stood for over the past 13 years.

The main ideological plank of these administrations has been privatisation. But it was not a matter of mere ideology. It was based on the essentially practical idea that the economy is harmed when the public sector competes for limited funds and manpower in areas where the private sector is both competent and willing to do the job, and the notion that the public sector is incompetent in running businesses and allocating capital.

This belief led from the privatising in 1979 of some pubs in Carlisle owned by British Rail right up to the sale of entire utilities. Never, until the National Lottery Bill, has the government considered reversing this process, and introduced the public sector into an area prefectly well managed by private companies such as Littlewoods, the leading football pools company. That company, incidentally, forecasts that, if the National Lottery Bill becomes law, it will lose 40 per cent of its turnover and have to sack about 3,000 of its Liverpool-based staff.

That is probably an exaggeration for polemical purposes, but there is no doubt that the effect will be to steal market share from the private sector. The only reason why the government permits even Littlewoods to operate is that it considers the football pools to be a game of skill rather than chance. This, of course, is not the case, but it is a loophole convenient for both parties to overlook. It allows the government to continue to claim that it is the only body with the morals and incorruptibility to be permitted to operate a lottery. And it clearly believes that under its benevolent dictatorship, a lottery will not, in the words of a Commons select committee in 1808, lead to "idleness, dissipation and poverty...the most sacred and confidential trusts are betrayed, domestic comfort is destroyed, madness often created, crimes subjecting the perpetrators to the punishment of death are committed, and even suicide is produced".

None of these consequences are as bad as those which will actually follow from the National Lottery of the 1990s: the government will simply be using its croupier's take as an additional form of voluntary taxation to pay for things which it is embarrassed about not funding already. The only exception might be the absurd Millenium fund, aptly described as a something at which you throw public money which will not be seen again for 1,000 years.

Perhaps the closest parallels to the government's lottery are the bingo competitions intermittently launched by tabloid newspapers. They are designed to rally flagging support for a product which, on its merits, is facing a sharp decline in public appreciation. Or, in other words, the government is taking a leaf out of Robert Maxwell's book.

■ *Dominic Lawson is editor of The Spectator*

Back on Russian spy duty

Michael Thompson-Noel

IT OCCURRED to me this week that I have been letting my friends in St Petersburg down. My friends in the KGB. Not that they *are* the KGB any more. They are now called the Russian security ministry, and a jollier, more law-abiding group of people you could not hope to meet.

I first made contact with the security bosses in St Petersburg at the start of October, after reading that they were miffed that Barbara Hay, the new British consul-general to that city, had been offered lavish quarters near the town hall in which to carry out her duties.

The security bosses said that cables carrying government information from the town hall ran under the building in which Ms Hay was to be ensconced, and that they believed that the British intelligence service would be able to plunder classified information "using various technical means and devices."

An ugly tiff was in the offing. So in I stepped. I rang Andrei Korodkhov, the security ministry's liaison officer, and said that if he would get Ms Hay bedded down swiftly in her new quarters, I would radio him, regularly, a wad of intelligence news from London to offset any titbits Ms Hay might glean by plugging - perhaps when turning on her TV or using her electric toothbrush - into the security cables beneath her building.

On October 2 I radioed off a fine cache of intelligence snippets. The security bosses were ecstatic. Then I forgot about them.

Anxious to make amends, I rushed to my transmitter yesterday and dashed off another bulletin, encrypted, as before, in five-digit numerical groups transformed (using false addition: 2 + 3 = 9) by a second devious encryption. I know the Cold War is over, but those of us involved in the espionage business prefer to stick to the old rules, plus minimum standards of tradecraft.

HAWKS & HANDSAWS

To start with, I filled them in on some news that could save Russia zillions of roubles.

"Whatever you do, be extremely sceptical of western 'experts' who urge you to spend money you haven't got on fancy remedies for environmental damage. We all know Russia is a mess, but take cheer from what Keith Clayton, dean of environmental studies at the University of East Anglia, said this week. A self-styled 'mad professor', Clayton thinks the North Sea a good place to dump sewage, and says the bottom of deep oceans is suitable for disposing of unwanted nuclear submarines.

"'There is a lot of pressure against putting sewage into the North Sea,' he said, 'but that is the best place to put it. You can do far worse than putting it into a deep and well-flushed sea. As far as poisoning the fish is concerned, that's rubbish. The sewage has probably kept the poor fish alive.' Similarly, he favours jettisoning nuclear subs in deep oceans. Eventually, they would be dragged down into the Earth's core. Listen to Clayton, and you could save a meaningful fraction of your 21st century GDP."

Having steered the Russians away from schemes of crackpot greenery, I told them how to *make* some money, citing Britain's plans for a national lottery, starting in 1994:

"Offering prizes of £1m-plus per week, and raising funds for various good causes, the UK'S national lottery will be a huge success, given that the British rank alongside the Chinese and Australians as the world's most addicted and addled gamblers. But nobody compares with you Russians.

"For seven decades your experiment with Marxist totalitarianism amounted to the biggest lottery in the solar system. With a track record like that, I suggest you launch a trans-Russia lottery soonest, and introduce horse, dog and camel racing, plus bingo and casinos, in all towns and cities. You already have the Mafia, so give them something to run."

As a further good turn, I warned the Russians against over-indulgence at Christmas, quoting directly from a story in yesterday's *Daily Mirror*:

"Rip-roaring Aussies are so full of wind they're blasting a huge hole in the ozone layer, says a top doctor. Pongers from Perth and Sydney stinkers are seriously damaging the environment by letting off a litre of gas each a day, he claims.

"Professor Terry Bolin, stomach specialist at a Sydney hospital, is calling for urgent research into the whiffers of Oz. 'There's been no real measurement of emissions from humans as a contributor to the ozone problem,' he said. 'But the methane produced does have an effect.'

"Professor Bolin is urging Australians to eat seafood and fruit instead of the traditional Christmas dinner."